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EDITORIAL

HOME-GROWN TERRORISM

President Reagan may not have realized just what he was getting into when he initiated his holy war on international terrorism. According to Administration pronouncements and accounts of terrorism by the likes of Claire Sterling and the new cold-war propagandists, the Russians are responsible for terrorism in El Salvador, Guatemala, the Caribbean, Europe, Southeast Asia, worldwide. But not, we now learn, in the United States. Last October 16, Faisal Zagallai, a Libyan dissident living in Fort Collins, Colorado, was attacked by a hit man allegedly hired by Col. Muammar el-Qaddafi. And whom did the Colonel hire to do his dirty work? Eugene Tafoya, a former Green Beret who fought for democracy in both Korea and Vietnam.

Although Tafoya allegedly got off three shots at point-blank range, he didn't manage to kill his intended victim. As Denver F.B.I. agent Jack Engor put it, "He was no Phi Beta Kappa killer." Which is surprising, considering the educational channels through which he was recruited. According to *The New York Times*, Tafoya was handpicked for the job by another former Green Beret who had been an instructor at a Libyan school for terrorists run for Qaddafi by ex-C.I.A. agent Francis Terpil. "Other American specialists in killing," *The Times* chillingly continues, also taught at this institution.

Two weeks after Tafoya was arrested on April 22, the Reagan Administration shut down the Libyan Embassy in Washington in order, the State Department says, to expose the Libyan government's official use of terrorism. Understandably, the State Department is more reticent about the fact that the United States trained some of the teachers of that terror. Terrorism, President Reagan will discover, becomes a complicated and even touchy issue when you don't have the K.G.B. to kick around.

LEBANON QUAGMIRE
Nubar Hovsepian

WALL STREET & THE HUNTS
Robert Sherrill

WAR ON REGULATION
Ronald Brownstein

THIRD-WORLD OIL
Peter Schwartz

'NATIONAL DEFENSE'
Thomas Powers

GORDIMER'S SOUTH AFRICA
Tamar Jacoby

SUING FREE SPEECH

LIBEL AS A POLITICAL WEAPON

EVE PELL

Mention libel these days, and people are likely to think of plucky Carol Burnett winning $1.6 million from the seamy *National Enquirer*, or civil libertarian Elmer Gertz finally being awarded $400,000 in damages for a 1969 Red-baiting article in the John Birch Society journal *American Opinion*, calling him, among other things, "Communist-fronter Gertz."

But a very different, generally less publicized sort of libel suit is proliferating throughout the nation these days. In these cases people using the political process to redress grievances or bring about change are being socked with huge damage suits by the interests they have offended.

There was Pat Haworth of San Lorenzo Valley, California, who protested a land development in a letter to a newspaper and was sued for $3 million. And Robert Putter, who criticized a Dallas police investigator in letters to officials and was fined $4,000 in damages. Environmentalist Rick Webb claimed that a coal company polluted a West Virginia river and is now being sued for $200,000. SHAD Alliance (Sound and Hudson against Atomic Development), which demonstrated repeatedly against construction of a nuclear power plant east of New York City, has been sued for $2 million in damages by the Long Island Lighting Company [see Susan Jaffe, "Legal Showdown at Shoreham," *The Nation*, March 21]. The N.A.A.C.P., at a press conference in San Francisco, protested alleged police brutality and cover-ups and is being sued by the Police Officers Association for $50 million. Similar "blue lib" suits, in which police sue those who criticize

(*Continued on Page 698*)

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LETTERS.

RACE, CLASS AND SEX

Amherst, Mass.

The Nation has done us a service by raising the race-class issue [Manning Marable, "Beyond the Race-Class Dilemma," April 11]. But you have done us a disservice by leaving this issue to a dialogue between white and black men, for Marable's essay has special implications for blacks who are feminists.

By suggesting that black militant groups engage in theoretical work before long-range coalitions can be forged with feminists, Hispanics, etc., Marable forces black women (and black Hispanics, antinuclear power activists and homosexuals) into the schizophrenic position of choosing between their race and their gender (and/or other identifying attributes). This is an argument that at times has been made more explicit, but it is one that we must always confront when the issue of coalition arises. Marable has rightly challenged Wilson Julius Wilson's view of "the declining significance of race." But the invisibility of black women in both his article and the responses to it implicitly asserts the declining significance of sex. To avoid confrontation of the gender-race issue is to allow the historical conflicts between black men and women to continue unhampered. Moreover, this avoidance would lead the movement into such a narrow-minded and schismatic approach to black liberation that alienation of black feminists and other black activists would be an inevitable outcome. Therefore, that approach is flawed on the level of both principle and practice. Black liberation must include the concerns of all of us.

True, the history of coalition has been fraught with contradictions. At several crucial junctures, bourgeois white women have abandoned blacks to coalesce with bourgeois white men, and some black men consistently have argued that feminist concerns should take a back seat to race issues. Yet despite these contradictions, as long as there exist some people who are black and female and/or homosexual, the issue of coalition must be addressed in a way that moves toward the complete liberation of all black people, including addressing the specific oppressions of gender, class and sexual preference.

E. Fran White
Asst. Professor of History and Bla... Studies
Hampshire College

UP FROM SLAVERY

Washington, D.C.

Believe me, I have read many an editorial on Liberia—from the pontifical to the pointless to the imbecile. In other words, everything that verbal vandals have dished out on Liberia. But all this was no excuse for sweeping conclusions about American editorial opinions. Your piece on Liberia, "Liberia: Green Berets to the Rescue" ["Dispatches," Elizabeth Farnsworth and Stephen Talbot, *The Nation*, May 2], reinforced my faith in eventual editorial justice.

Few American editorial writers realize that we Liberians are Africans, and that as much as we respect America, we don't want to be Americans or be mistaken for Americans. The artificial similarities we have with America—flag (ours has forty-nine fewer stars), names of settlements (we have Virginia, Philadelphia, White Plains, New Georgia, Louisiana, Maryland, Greenville, etc.), personal names (our army chief of staff five years ago was a Gen. George Washington, our ambassador to Italy before the revolution was Robert Kennedy)—are all reminders of the subjugation that the Americo-Liberians (descendants of the U.S. freed slaves who founded Liberia) placed us under.

We wanted to liberate the African in us without appearing to hate the United States or the Americo-Liberians. We wanted a chance to dream about such positions as President of Liberia, Vice President, Minister of Foreign Affairs, Ambassador to the United States, etc.—positions we never held during the 133-year dynasty of our black colonizers. Is that asking too much?

Many editorial writers don't know this. And we are not going to go Communist either; not after almost all of our college minds were trained in the United States and have got used to the Western method of government, Western economic system and Western social values.

The Americo-Liberians were an occupying force that could not hide its antipathy for anything African. That is all we wanted to change, and nothing else.

Thank you again for your excellent editorial comments on Liberia.

Tarty Teh
Press and Cultural Counselor
Embassy of Liberia

THE NAME IS LLOYD

New York City

When I was a young reporter more than twenty-five years ago, one of the first things I was taught was: Get the names right. In my piece "Citizens Party" [*The Nation*, May 16], I made a typographical error that eluded me in the typescript and the galleys. I called Robin Lloyd of Vermont—whose 13 percent of the Congressional vote, 24 percent in Burlington, encouraged Terry Bouricius to run for the Burlington Board of Aldermen, thus becoming the Citizens Party's first elected official—Robin Floyd. My embarrassed apologies to Ms. Lloyd who has been much too gracious to scold me.

Since then, another Citizens Party member, Carolyn Micklas, has been elected to office: the Schenectady School Board. And Harriet Darvish Sallach, who ran second with 26 percent of the vote in a four-person race for City Council in Columbia, Missouri, has been appointed to the city's Energy and Environmental Commission.

Richard J. Walton

SMEARING THE COMMITTEE?

Olympia, Wash.

Among the most criticized techniques of Senator Joseph McCarthy were "guilt by association" and the definition of a person *only* by a particular association. *The Nation*'s anti-McCarthyite convictions apparently do not extend, however, to protecting critics of the Soviet Union from McCarthy-like tactics employed on your own pages—witness John S. Friedman's "Culture War II" [April 18]. There is a word for Friedman's treatment of the Committee for the Free World. The word is "smear."

Just what is being said when certain of the committee's list of supporting intellectuals are revealed to have been members of a now-defunct organization that received funds from the Central Intelligence Agency fifteen years ago? Are we to believe they are C.I.A. agents? Former agents? "Dupes"? Or are they just "soft-on-the-C.I.A."?

Now that Friedman has fingered a number of the members of the Committee for the Free World for their past association with the C.I.A.-connected group, will their presence on his blacklist make it hard for them to find employment in Hollywood? These days it might. Better for them to come clean now, inform on others who were once associated with groups that turned out to have C.I.A. funding and have the decency hereafter to stop exercising their right of free speech. Then, with the 1960s safely behind us, *The Nation* can get back to recounting the horrors of the 1950s. *Bruce Chapman*

FRIEDMAN REPLIES

Washington, D.C.

As defined by *Webster's Third International Dictionary*, McCarthyism is "characterized chiefly by opposition to elements held to be subversive and by the use of tactics involving personal attacks on individuals by means of widely publicized indiscriminate allegations especially on the basis of unsubstantiated charges." The people as described certainly were not subversive, and the information provided about them was entirely factual. The questions raised did not pertain to whether a person has a right to belong to a given organization or to hold certain opinions—of course, he does—but to secret or cloaked funding that disguises propaganda and thereby avoids accountability and threatens free speech, free inquiry and free interplay of ideas. *John S. Friedman*

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EDITORIALS.

Libel Overkill

As Eve Pell reports on the cover, the use of libel suits as a way of punishing political critics is posing a dilemma for civil libertarians. Still, the sword cuts both ways, and those on the receiving end of well-publicized innuendoes served up under a thin icing of fictionalization in novels like *The Spike* know that a libel suit may be the only way to fight mendacious charges. Libel suits can indeed cast a chill on freedom of speech and the press, but liberals who advocate abandoning this recourse completely are under an obligation to come up with alternative means for salvaging damaged reputations. But even those who approve of libel suits can only be appalled by the action that Phoenix Newspapers Inc., publisher of *The Arizona Republic* and *The Phoenix Gazette*, has brought against a small alternative weekly called *New Times*.

What touched off the suit was a story in *New Times* that the Phoenix Newspaper Guild was going to include wiretapping among other unfair labor-practice charges it intended to bring before the National Labor Relations Board. The union subsequently did charge Phoenix Newspapers with wiretapping; the N.L.R.B., however, ruled that the evidence was insufficient, and the guild withdrew the charge. So to a casual reader the story would seem to have been accurate, although a response by Phoenix Newspapers perhaps should have been included in the story. The libel suit also alleges that unknown individuals leaked confidential memorandums to *New Times*. Adjudication of this charge could lead to the court ordering *New Times* to reveal who gave it the memo,

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which was the subject of another story the paper published in September 1979.

The precedents this suit could establish are horrendous. How can another newspaper in a future court battle claim the right to protect its sources after Phoenix Newspapers has argued that there is no such privilege? Phoenix Newspapers' resort to the libel weapon is unwarranted, in our opinion, and the expenses of fighting the suit could mean the demise of *New Times*. Freedom of the press, A.J. Liebling observed cynically, belongs to him who owns the printing press; but when one owner is driven out of business, that freedom is surely diminished for all.

Here We Stand

"The United States strongly supports breast-feeding." That ridiculous line about nurturing infants was uttered by this country's representative to the World Health Organization at the meeting where USA Inc. was the only nation to vote *on principle* against a voluntary code that would restrict promotion of commercial baby formulas as superior to mothers' milk.

U.S. corporations should not be fettered by a "worldwide F.T.C.," a Reagan spokesman explained. Bad enough that the domestic Federal Trade Commission checks otherwise uninhibited (and often deadly) corporate behavior here at home. Meanwhile, the F.T.C. is rapidly being rendered headless and demoralized, one of many expendable ugly ducklings in Reagan's world of corporate liberation.

Having dealt with the moral majoritarians' position on breast-feeding in relation to free enterprise, let us move on down the national agenda in the era of Ronald Reagan. What is this nation for? What is it against? Herewith a handy checklist:

Abortion. We're against it even in cases of rape or incest and even if the Constitution is sacrificed in the process of making the termination of pregnancy the exclusive right of rich women. And, speaking of rich women, they don't need equal rights—so down with the E.R.A., which is an appropriate and overdue amendment to the national charter.

Human rights. We're all for them at the center of the web of world Communism, but in the parts of the world we can influence, forget it: they're none of our business.

Defense. We must be Number One, no matter the cost in economic dislocation and added danger of nuclear holocaust. Cover the flanks and deceive the people by jawboning Moscow and pretending to negotiate arms "reductions."

The economy. Disrupt world markets, financial and industrial, with crypto-protectionism and quaint monetarism while solving the domestic problems (inflation plus unemployment) with mirrors, voodoo incantations, drastic cuts in public amenities and replacing the governmental burden "on our backs" with a load of uninhibited corporate "freedom."

The environment. Leave it to the self-interest of business and the weakest possible local unit of government; anything else smacks of planning—socialism's running dog.

Freedom of information. The less of that the better for a government that would conceal reality.

Intelligence. Unleash our operatives at home and abroad.

Civil rights. None of the government's business, so hands off.

If this random sample of national objectives under Reagan looks cockeyed, a comprehensive account would seem even more skewed. As a national agenda in the late twentieth century, it is regressive, retrogressive, cruel, trivial and irrelevant.

What do the Democrats offer in place of this shameful agenda? Practically nothing. Most of them are paralyzed before the bogy of the "conservative mood" in the country—a monstrous mirage. This feeble reaction to Reaganism was evident in a recent speech by former Vice President Walter Mondale at the Lyndon Johnson School of Public Affairs in Austin, Texas. Purporting to defend the Democratic record of "fulfilling the tasks of social justice," Mondale declared that the new Administration "will not strengthen our country but weaken it" by abandoning that course. But he went on to say that "there isn't a single person here who does not hope that they succeed" in their attempt to "retrench, fight inflation and make our economy more productive again." Later he said, "All Americans want this President to do well."

The truth is that Reagan can only "do well" if his mean and dangerous programs are fought every inch of the way and, finally, beaten. There is no sign that the Democrats, who could accomplish that serious work, have the sense or will to do it.

ADVERTISING ETHICS

One voice that has not been heard in all the baby-formula controversy is that of an ad man, points out writer David H. Rothman of Alexandria, Virginia. Rothman came across a passage in a 1980 textbook on advertising by the late Jack Engel, entitled *Advertising: The Process and Practice*, which bears directly on the matter. Engel cites a "tragic example" of disregard for local customs by advertisers: "Throughout the Third World, new mothers receive free sample tins of powdered milk when they leave hospital maternity wards. The samples come from, among other companies, Nestlé, reputed to be the largest infant formula distributor in the Third World." He goes on to quote from the article that appeared in *Mother Jones* reporting that mothers in developing countries "try to reconstitute a powdered formula where they have no clean water, no suitable pot for sterilizing." Summing up the moral of the story, Engel writes: "The baby formula tragedy is an extreme example of modern technology and advertising creating problems instead of solutions." It's a shame that Reagan, Ernest Lefever and all who believe in Nestlé's god-given right to advertise as it wants didn't take his course.

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The C.I.A. Goofs

Throughout the 1970s, successive Central Intelligence Agency reports predicted that Soviet oil production was hopelessly on the skids. In 1977, the agency forecast that Soviet output would fall as much as one-third by 1985. Two years later, the C.I.A. bestowed slightly more optimistic numbers on the enemy, but the Russian oil industry nonetheless remained a fairly rickety affair in the eyes of Langley, Virginia.

One result of this, of course, was that all manner of alarums were sounded by the Carter and Reagan Administrations about the Russians' desperate designs on the Middle East's oil. They neatly explained the Soviet intervention in Afghanistan and justified our various responses: creation of the Rapid Deployment Force, the drive for military bases in the area, the move to send Awacs to Saudi Arabia, the buildup of our Navy in the Indian Ocean.

Now, along comes the C.I.A. with yet another report. It says, in effect, that the Langley operatives have been overlooking quite a few Soviet barrels. Far from portraying Soviet oil on the decline, this latest report predicts that Russia will be energy-independent through 1985. What has not been generally remarked, however, is that the agency's retreat follows increasingly widespread challenges to its methods and conclusions.

The most notable among them was published in *The Economist* of London. Last November, the weekly's intelligence unit printed a special report by British researcher David Wilson. Entitled *Soviet Oil and Gas to 1990*, it is a thorough study of Soviet published material combined with interviews with economists and oilmen in the country. Wilson provides convincing evidence that Soviet technical know-how is improving dramatically. He writes that in most areas the Soviet Union remains technologically inferior to the United States. But, he adds, "it can be argued . . . that the potential for improvement is one of the U.S.S.R.'s greatest assets."

Wilson reports that the Russians are now successfully developing deep-water offshore capability and various enhanced recovery methods. He predicts that the country's oil output will rise another 14 percent by 1985, and a little further thereafter. He hedges his forecast by noting that oil production might grow more slowly if the Russians "decide to divert more efforts into producing gas."

They have done exactly that. During the past six months, the industry has moved to take advantage of the world's largest known natural gas deposit, at Urengoi in northwestern Siberia. Moreover, the emphasis on gas in Leonid Brezhnev's report to the Twenty-Sixth Party Congress leaves no doubt that this shift reflects a major policy decision on energy exploration. The big push is to increase gas exports. These have been rising, both to East and West European countries. A proposal a decade ago to ship liquefied Soviet Arctic gas to the United States was canceled by Washington. A series of contracts are now under negotiation with West European countries that will involve tens of billions of dollars in trade, with pipeline pipe, pumps and processing equipment going eastward, and natural gas flowing westward for the coming decades.

The general contours of *The Economist*'s forecast are mirrored by both the newly approved eleventh five-year plan of the Soviet Union and the annual *Energy Review* published by the Exxon Corporation. When the findings of one of the West's leading establishment publications, the mother Communist government and an imperial corporate monolith generally agree, what's a poor intelligence agency to do? Perhaps the Reagan Administration should auction off the C.I.A. to the private sector. At the very least, *National Lampoon* ought to be interested. VICTOR PERLO

Victor Perlo, an economist on the faculty of the New School for Social Research, is a columnist for The Daily World. *His latest book,* Dynamic Stability: The Soviet Economy Today, *will be published later this year.*

It's SuperWatt!

One of the most remarkable, even historical, accomplishments of Reagan's first 100 days has passed generally unnoted. This Administration has made the energy crisis disappear. Even more amazing, the implication of its policies and pronouncements is that, indeed, the crisis never even existed.

The exorcism from national debate of the problems of abused or dwindling energy resources is certainly refreshing. All the pressures to come up with a sensible and long-range energy plan have been miraculously lifted. The budget debate largely ignored the key role of high fuel costs in both inflation and the current industrial American slump. Since this Administration cares little and understands less about those who are poor or on fixed incomes, their particular pain resulting from high fuel costs is likewise forgettable.

Instead, it's back to the good old days. Jim SuperWatt at Interior will assure us of the raw energy production we need—no more environmental degradation to trouble over. The magic atom will bail us out. Exxon and its decontrolled sisters, who in the past have so amply proved their ability to advance the public good when left unfettered, shall lead us all. Solar and renewable energy systems will not receive even the lip service offered by previous Presidents. As for conservation, well, we all know that it means being cold in the winter and hot in the summer, which is not only unhealthy but un-American.

So the United States will stand alone in allowing, even encouraging, the demise of its national rail and urban transit systems. Mandatory conservation standards on appliances —which industry was at last accepting, if not liking—have been rolled back. Start stepping on the gas again, America: we'll even get rid of the 55 mile-per-hour limit to speed you on your profligate way. By this logic Detroit will soon realize the true road to salvation: Bring back the tail-finned gas guzzlers of yesteryear! PHIL PRIMACK

Phil Primack is a freelance writer living in New Hampshire.

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ARTICLES.

NATION—OR ARTIFACT?

The Lebanon Quagmire

NUBAR HOVSEPIAN

Over the past few weeks the Middle East has hovered on the precipice of war, with Syria, Israel and their proxies the main belligerents. Once again a weak, factious Lebanon has served as an irritant and a pretext for power moves by its neighbors.

For Prime Minister Menachem Begin, faced with a critical electoral challenge from the Labor Party, the crisis provides an opportunity for making political hay with calls for total Syrian withdrawal from Lebanon. He asserts Israel's total airspace hegemony and rallies support for the "beleaguered" Christian army of Maj. Saad Haddad. In turn, the ultra-right Lebanese Phalangists, who triggered the recent fighting in Zahle, have stepped up their drive to win acceptance as the sole political and military force in Lebanon before the 1982 Presidential elections. Whether this smoldering situation flares up in war or not, the questions remain: what are the underlying causes of the civil strife in Lebanon that has continued since the civil war of 1975-76? And is a resolution of the conflict possible?

Many of us who lived through the civil war of Lebanon in 1975 were driven to seek answers in history, and this led us to the consideration of the evolution of the "confessional" system derived from the Arabian "millet"—a system of quasi-autonomous ethnic religious communities instituted by the Ottomans, which provided for a form of centralized control over decentralized religious groups. The latter paid taxes to the former. This relationship has served both to strengthen existing sects and undermine the formation of an effective state. The millet system was also helpful to the Europeans in their successful political and economic penetration of the Ottoman Empire.

We concluded that this system led to the politicization of religious bodies. It produced and often required the existence of political organizations with feudal-style leaders representing the various sects and vying with other such organizations for a share of Lebanon's resources. This system evolved over two centuries, between the seventeenth and the nineteenth. In 1943, it was codified into a binding national charter, under French sponsorship. At present, there are fifteen officially recognized sects. By necessity each Lebanese must belong to one of these sects; otherwise he is a nonperson. Each sect has a formal leadership, promulgates laws governing marriage, inheritance and other personal matters, maintains courts and juridical procedures, elects deputies to parliament, sponsors political parties, runs schools with educational orientations that are often hostile to the other communities and provides hospitals, health and other social agencies.

All of these factors engender clannishness within Lebanese society and promote, to a limited extent, the geographical segregation of the religious-ethnic groups. The system promotes separateness among the Lebanese on the basis of their sectarian identity; it enhances sectarian suspicions and allegiances. Therefore, real power lies in the sectarian institutions, and the state's ability to govern is greatly diminished.

The system lacks the ability to resolve the internal conflicts that are endemic to Lebanon. Thus, intervention by foreign powers has always been necessary when internal conflicts rage out of control. In the 1970s, the system began to disintegrate because of two new elements. The first was the rise of disparities between classes, whose needs and demands could neither be accommodated nor forcibly suppressed. The second was the absence of foreign powers willing to intervene and resolve the conflict as in the past. This development came about primarily because of the basic split among regional and world powers caused by the Arab-Israeli conflict. But when direct intervention became unattractive, it was replaced by the use of local proxies.

Israel seems to have had the earliest and the most clearly formulated plans for the latter kind of intervention. David Ben-Gurion believed that Lebanon was the weakest link in the Arab chain. On May 16, 1955, during a joint meeting of senior officials of the Defense and Foreign Affairs ministries, Ben-Gurion insisted that Israel do something about Lebanon. Moshe Sharett, the then Israeli Foreign Minister, records the following in his recently published diaries:

> According to him [Moshe Dayan] the only thing that's necessary is to find an officer, even just a major. We would either win his heart or buy him with money, to make him agree to declare himself the savior of the Maronite population. Then the Israeli Army will enter Lebanon, will occupy the necessary territory, and will create a Christian regime which will ally itself with Israel. The territory from the Litani southward will be totally annexed to Israel and everything will be all right. [Quoted in Livia Rokach's *Israel's Sacred Terrorism*.]

Some twenty years later Major Haddad became one of Lebanon's "Christian" saviors, providing Israel with a buffer zone to facilitate its systematic attacks against South Lebanon and many other parts of the country.

The 1970s witnessed a deterioration in the economic well-being of large parts of the Lebanese population. The increased foreign investment that entered Lebanon never filtered down to the working people. The economy could be characterized as a relay station between Western capital and markets of the East. Beirut's reputed affluence presented a

Nubar Hovsepian is a Fellow at the Institute for Arab Research (Beirut) and is pursuing a Ph.D. in political science at the Graduate Center of the City University of New York.

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facade of stability to outside observers, but internally it aggravated social tension because of the system's inability to deliver the needed goods to its people. Large-scale emigration and internal migration to the cities (by 1970, 19 percent of the labor force lived in rural areas compared with 49 percent in 1959) resulted in the founding of "poverty belts" and "tin cities" in and around Beirut, Sidon and Tripoli. These places were the center of the fighting in 1975-76.

Contrary to the sectarian-based system, economic protests broke out that were national in scale and class-based. Repeated strikes by workers, peasants, students and fishermen were staged. In 1974, during a thirty-five-day period from March 26 to April 29, there was at least one strike every day and a three-day national general strike. The strikes, which were precipitated by demands for higher wages and better working conditions, broke out in all corners of Lebanon; the Lebanese Army had to be mobilized to quell the protests. As a result, the central government's authority was severely hampered. The economic basis of the unrest was a new development.

On February 25, 1975, a fisherman's strike was organized in Tripoli, in part to protest the near monopoly control of the fishing industry by the Protein Company of which Lebanon's former president, Camille Chamoun, was board chairman and general manager. On February 26, the same strike moved to Sidon. All Sidon rallied to the fishermen's cause. The army, however, was sent in to crush it. Maarouf Saad, a leader of the progressive movement, received fatal wounds.

While the people in the South were engaged in a mass uprising against the army, the right-wing Catholic parties organized Army Day demonstrations on March 5. The civil war had started. In large parts of the country the army was viewed as the instrument of the Maronite sect, and the political leadership of the Maronites had correctly perceived that the social unrest was a direct challenge to their hegemony over the sectarian system.

Meanwhile, after approximately two decades during which radical nationalism set the tone of Arab politics, a shift to the right took place in the 1970s. This shift was induced by the regimes and classes who benefited from the increasing oil wealth, which lowered the moral standards of civil and political life in the Arab world. Corruption became a way of life. Amassing huge windfall profits, rather than building national institutions, became the order of the day. Most of the Arab Middle East, because of its wealth, its geographical importance and its proximity to resources, was willingly incorporated into the Western and, more particularly, the American camp. This development meant that Arab progressivism was doomed.

Lebanon seemed to be a conspicuous exception to this pattern. In 1971, the Lebanese National Movement (L.N.M.), consisting of thirteen organizations, and the Palestinian Movement (P.M.) had forged an alliance, whose potential alarmed not only the right-wing political parties of the Maronite sect but also Lebanon's neighbors—Israel, Syria and the conservative Arab states. The latter feared an eventual challenge to the sectarian system in Lebanon, which would result in the formation of a democratic secular state animated by ideals of equality similar to those of the French Revolution of 1789.

For despite the conservative trend in the Arab world, Lebanon and its capital city of Beirut had become the center of the dissemination of ideas to the Arab world. Beirut was

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the haven for political exiles, and the center of publishing and writing. Its ferment was an expression of silenced voices elsewhere in the Arab world and in occupied Palestine.

Events in Lebanon cannot be understood in isolation; they must be viewed as three concentric circles—local (internal Lebanese dynamics), regional (the role of the neighboring states) and international power politics (particularly by the United States). A corollary of this is that major events or the policies of any of the actors in the Lebanese drama can be explained only by viewing them within the context of the three concentric circles. Here an example will be useful.

In June 1976, the L.N.M. and the P.M. were in the ascendant. The central authority of the Lebanese state had for all practical purposes disintegrated. On the other side, the right-wing Maronite parties (the Phalangists and the National Liberal Party, or N.L.P.) were retreating. At this juncture Syrian troops entered Lebanon in full force and restored the internal balance of power. Syria's aims were, at first, to insure the continuation of the sectarian system and to preserve the status quo that emerged from the 1958 civil war, expressed in the slogan "No vanquished and no conqueror!" This policy gave the right wing a new lease on life. Second, Syria feared that the formation of a democratic secular state in Lebanon would pose a direct challenge to its own Moslem government. Ironically, Israel was also opposed to democratic secularism because it would prevent the establishment of its "Christian buffer." By this time, international efforts were under way to convene the Geneva Conference, and Syria was keen to maintain a "Palestine card" in its hand to strengthen its position in the possibly ensuing negotiations. Both the United States and the Soviet Union (potential cosponsors of the proposed Geneva conference) wanted Syrian participation in the settlement of the Arab-Israeli conflict and so supported its intervention. Maintenance of the status quo in Lebanon was imperative if the foregoing aims were to be realized. And so the Syrian presence in Lebanon was legitimized through the formation of the Arab Deterrent Force by the Arab League, to be bankrolled primarily by Saudi Arabia.

But by 1977-78, Syria's role in Lebanon had changed. The internal balance was shifting favorably toward the right wing, primarily because of the support by Israel, Syria and the West. As a result of this tilt in its favor, the right wing began to push for partition or cantonization to supersede the sectarian system; moreover, the Soviet Union's role in the Middle East was diminished as the United States became the guarantor of the Camp David "peace treaty." Both Syria and the Palestinians rejected the Camp David accord, however, believing that they were its targets. As a result, Syria's main interest lay in maintaining the status quo, and so the right wing's efforts, supported by Israel, to either partition or gain control of Lebanon, became a threat to it. The Lebanese National Movement, which still held to the belief that Lebanon must become a democratic secular state, but opposed the Phalangists and was Arabist in outlook, found an ally in Syria, its opponent in 1976.

The civil war flowed on like a river out of its banks, taking new twists and turns. In December 1980, the Phalangists secured a foothold in Zahle, an area populated mostly by Greek Catholics (Melkites), and threatened to establish a strategic corridor through the valley to link up with Major Haddad's forces in the South. The potential danger in these developments to the internal balance was perceived by both the Syrians and the L.N.M. The timing of the Phalangist actions was in part based on their expectations of an increased Israeli role in Lebanon. And Israel's increasing bombing and shelling of Lebanon were in turn based on its expectation that the new Reagan Administration would not publicly criticize its actions. (National Security Adviser Richard Allen's ill-chosen reference to Israel's raids on Lebanon as a form of "hot pursuit" is a case in point.)

All these developments served to accelerate the process of political polarization in Lebanon, thus reducing the likelihood of any national accord among the various factions. From the outset of the war in 1975 two competing tendencies dominated the political stage. The first was represented by the forces of the right who sought to maintain the sectarian system intact. Its main representatives were the Phalangist Party under Pierre Gemayel, and the N.L.P. under Chamoun, which united in a right-wing coalition known as the Lebanese Front (L.F.). In July 1980, the Phalangists diminished the N.L.P.'s power, and thus established their undisputed dominance in the coalition.

For its part, the Lebanese National Movement has, since 1975, opposed the apportioning of political power through the old sectarian formulas. (Since 1943, political power in parliament has been based on a 6 to 5 ratio of Christians to Moslems.) Instead, they have continually advocated a restructuring of Lebanese society that would lead to a secular democracy. This campaign was dubbed by the late Kamal Jumblatt Lebanon's "1789 in the making."

On December 23, 1980, the Lebanese Front published its terms for a settlement in a "historic document." This affirmed the front's commitment to a "united Lebanon," which was defined as a collection of self-governing sectarian communities located within Lebanon's international borders, each of which was to have total autonomy with both political and geographic guarantees. There was, however, to be Maronite political domination of all important state offices. The front asserted that Lebanon "is not to be absorbed by its Arab and Moslem neighbors"; rejected resettlement of foreigners in Lebanon, particularly of Palestinians; and demanded an end to Syrian occupation. The proclamation claimed to speak on behalf of all Lebanese Christians—even though Amin Gemayel, Pierre Gemayel's son and a leader of the Phalangists, has admitted that "the great majority of Christians live outside" the rightist redoubt, and they in fact are not and have never been politically and socially homogeneous. The L.N.M. also demands a "unified Lebanon," but one that is secular and democratic. Its leaders view themselves as part and parcel of the Arab world and its quest for liberation, social progress, democracy and unity.

To sum up: the L.F. is particularist and sectarian, and the

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L.N.M. Arabist and secularist. As suggested earlier, the civil war had a real socioeconomic basis. However, the prolongation of the conflict without a viable solution in sight has opened up old sectarian wounds. For the present, sectarian cleavages are becoming more important than class or national identities. One indication of this is the fact that during the early years of the civil war up through 1977-78, the Lebanese Communist Party had a sizable Shiite membership (estimated to be up to 65 percent of total membership). This number decreased noticeably due to Shiite defections to Amal—a sectarian organization that now claims to represent all Shiites.

Sectarian practices increased at an alarming rate in 1975-76. The cease-fire of 1976 did not end the conflict. On the contrary—it provided the climate of uncertainty in which it flourished. Moreover, since 1976 Lebanon has been the arena for several wars, both internal and proxy ones. Now, in view of the present "missile crisis," the composite picture is not very encouraging. Chaos seems to be the only possible order of the day. If the conflict continues much longer, the future of a united Lebanon will become an increasingly remote possibility. Indeed the state of Lebanon itself as an entity may soon become an artifact of history. □

THE SILVER SHILLS

How Wall Street Covered for H.L.'s Boys

Three members of the wealthy H.L. Hunt family of Dallas told a U.S. District Court judge late Tuesday that the Securities and Exchange Commission's far-ranging investigation of their silver dealings has damaged their personal and business reputations. —The Washington Star, *April 9, 1981*

ROBERT SHERRILL

Leaving aside the question of their good name for a moment, the brazen attempt by H. L.'s boys to corner silver, which provoked the above-mentioned S.E.C. investigation, should have besmirched some other reputations as well. For, as the ensuing cautionary tale will show, some of the financial pillars of this country, including the Federal Reserve Board, assorted banks, several large brokerage houses and the Commodity Exchange, did not emerge from the affair with clean hands either. Indeed, the way they rallied protectively round the Hunt boys, you would have thought the latter had saved the Republic, rather than sent the price of silver lurching into the stratosphere like an unguided Pershing.

As for the alleged sullying of the Hunt name—well, that does raise an interesting question. Considering their business reputation—partly inherited from old Haroldson Lafayette Hunt, who died in 1974, and partly developed by two of the Hunt boys on their own—what damage could a mere S.E.C. investigation do to it?

Just about everyone must be familiar with the legend of H. L. Hunt. Beginning with some East Texas oil leases obtained under highly questionable circumstances, he became what the newspapers usually called (probably inaccurately) the richest man in America. He was a notorious and often hilarious skinflint in his private life, except when he gambled. He did not flinch from losing $400,000 in a gin rummy marathon, but as often as not he won, for he was quite a card shark. Women were his chief weakness, and aside from myriad short-term philanderings he managed to produce three families (fourteen children) in a fascinating shell game of matrimony and bigamy.

He was also, and perhaps especially, a hefty patron of right-wing politicians (Joseph McCarthy, Gen. Douglas MacArthur, George Wallace) and various antiliberal, anti-Catholic and anti-Semitic causes. Contributing to a profile of Hunt in *The Nation* in the 1960s, A. C. Greene, a *Dallas Times Herald* editorial writer, summed up the old man's impact: "If he had more flair and imagination, if he weren't basically such a damned hick, H. L. Hunt could be the most dangerous man in America." But because he was, or at least appeared to be, such a damned hick, Hunt instilled neither fear in his enemies nor admiration in his ideological allies. Except in Texas, where a special tolerance is allowed grossness, his death in 1974 was greeted by more relief than grief.

The weight of H. L.'s reputation fell largely on two sons of his "first" family, Nelson Bunker Hunt and W. Herbert Hunt. Of the two, it is Bunker (as he prefers to be called)—whose porcine face, usually signaling more bad news, has since become all too familiar to readers of the financial page—who seems to carry the largest dose of H. L.'s genes. Herbert is his brother's close ally and strategist in most things commercial, but Bunker has his father's unbalanced genius and boundless ambitions. Like his father he is outspokenly anti-Jewish and a generous patron of right-wing Christianity (he has given at least $10 million to Campus Crusade for Christ). Of all H. L.'s fourteen children, these two, Bunker and Herbert, seem least concerned with the rules by which society plays.

In 1977, Bunker and Herbert made their first headlines for rapacious acquisitions. They tried to corner the soybean market. Naturally, to do so they had to play loose with the law. The law said no one person or group acting in concert could hold "futures" contracts for more than three million bushels of soybeans. The Commodity Futures Trading Commission (C.F.T.C.) discovered that Bunker and Herbert and their children held futures contracts for twenty-four million bushels—about one-third the total U.S. supply. The C.F.T.C., which presides over an operation that is about as ethical as Las Vegas, sought to keep the scandal

Robert Sherrill is The Nation*'s White House correspondent.*

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quiet by asking the Hunts to sell off enough to make their holdings legal.

At first Bunker and Herbert pretended innocence. Acting in concert? Ridiculous! Why, they were totally unaware that their teen-age children were buying soybean futures! Why, Bunker had no idea Herbert was also interested in soybeans! When the C.F.T.C. refused to swallow that, the Hunts promised to sell, but didn't. So the commission was finally forced to accuse them publicly of trying to corner the soybean market. The commission probably felt that its announcement would drive the price of soybeans so low that it would ruin the Hunts' deal, but prices didn't drop that much and the brothers managed to brazen out the situation and make a killing.

But the mischief the Hunts caused in soybeans was nothing to the devastation they wrought in silver. Bunker and Herbert had been buying silver since 1973, some of it in bulk, some merely on paper. They started buying silver when it cost less than $3 an ounce. But it was not until they had concluded their soybean caper that they started manipulating the silver market in earnest. Once launched, however, they began to get solid results. By January 1979, they had driven silver to $6.50 an ounce. After that, their success escalated fabulously. Only one year later, on January 18, 1980, silver hit its peak at $50.35 an ounce—a mere 750 percent increase in twelve months.

By that time their speculations on the silver market had earned more than their father had earned in a lifetime of drilling for oil. Hanging onto their paper profit would be quite another matter, it turned out, but for the moment they were riding high. They were also creating a great deal of agony for consumers of products that contained silver. Film prices had climbed 35 percent since September; the cost of a single silver-alloy filling had doubled for dentists and, of course, had more than doubled for their patients; newlyweds found that the price their parents had paid for a full-place flatware setting would barely buy one spoon. Caught up in the madness, many retirees who were finding it impossible to keep up with inflation sold the family silver. Irreplaceable heirlooms went into the melting vat. Silver burglaries reached plague proportions.

Bothered not at all by the social impact of their escapade, the Hunts plunged ahead, bent, it seemed, on cornering the market—a goal that was not all that far away. It was much more attainable than cornering the gold market—the coup that Jay Gould had tried to bring off in 1870—because, as a commodities specialist told *The Wall Street Journal*, "There isn't enough silver around to meet demand from speculators and industry. Silver has many more industrial uses than gold. A few people can dictate the prices." Which, of course, was exactly what the Hunts were doing. They may have broken a few antitrust laws, but generally they abided by the rules and used the accepted techniques for playing one of the most corrupt games in the financial world—the commodities market.

The key to their success was that they did not take their silver futures profits in cash, as is customary, but in bullion—a sure way of creating a shortage and driving up prices. By the time their little scheme was interrupted the Hunts had possession of—how much? Estimates varied. But everyone agreed that the Hunts and their business allies controlled tons of silver. Federal Reserve Board chairman Paul Volcker said that at one time the Hunts controlled two-thirds of the silver in circulation throughout the world.

In the early stages of the futures game, when one has to pay only the marginal down payments that the rules allow, it is—relatively speaking—an inexpensive operation. But when it comes time to take delivery of the bullion, then a buyer needs puh-lenty of money—especially if the transaction involves, as it always did with the Hunts, millions of ounces. The Hunts raised most of their money through loans from banks and from brokerage houses like Merrill Lynch, Pierce, Fenner and Smith, the nation's number-one stocks and commodities broker, and from Bache, Halsey, Stuart, Shields Inc., which is the fifth largest. The Hunts felt especially comfortable using Bache as a front because they owned 6 percent of its stock; besides, the Hunts were probably the brokerage house's biggest commission-paying customers. So Bache's management happily jumped when bidden. The full extent of Merrill Lynch's and Bache's assistance has never been made public, but it is known that Bache borrowed at least a quarter-billion dollars from ten banks, using Hunt silver for collateral.

Now, it so happens that beginning in the autumn of 1979, Federal Reserve chairman Volcker had set up guidelines for bank loans that were intended—or so he claimed—to specifically eliminate loans to speculators. It was an anti-inflation move. With small businesses, many big businesses, farmers and home buyers unable to get loans for constructive purposes, obviously it made no sense for banks to lend millions of dollars to commodities gamblers—as they had been doing. Because of these lending guidelines, the Hunts knew it might be difficult to get loans in the amount they needed from the banks. So they used Bache officials as their runners. Did Bache, when it put up silver as collateral, tell the bankers that the loans would be used for further silver gambling by the Hunts? Did they mention that the collateral silver was coming from the Hunts? Bache avers that it didn't try to hide anything, but the bankers claim they weren't told. Even if they weren't, nobody but the Hunts could have had that kind of silver supply, so the bankers must have known what was up. As Jerry Knight and James L. Rowe Jr., who covered the scandal for *The Washington Post*, concluded, "Bache normally wouldn't have to tell the bank where the collateral came from, but the size of the loan and the silver backing were a good clue about who was involved."

But the Hunts weren't playing this game alone. To keep the upward pressure on prices, they wanted others involved—to share the costs and especially to share the risks (though the Hunts recruited their new partners with scarcely a mention of risks). Where would the Hunts naturally go to get big-bucks partners who would be perfectly happy to screw the U.S. economy for speculative profits? To the Mid-

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dle East, of course. More precisely, to Saudi Arabia. Of the three Arabians who joined the venture, the most important was Prince Faisal, son of Prince Abdullah, Saudi Arabia's second prime minister and commander of the Saudi National Guard. Although Prince Faisal did the actual buying, it was assumed by those who watched the international metal market that Prince Abdullah himself was supplying much of the money but did not want to appear to be personally involved. The Saudis started buying when silver was at $13 an ounce; however, they bought a great deal of their silver at $32 an ounce. Before they were through they had sunk $250 million into the silver gamble. At least that's what "knowledgeable" outsiders are guessing. Actually nobody knows how much the Arabs wagered; it could have been much more.

For the moment, the Hunt crowd must have dreamed that nothing could stop them from cornering the silver market. But these high-rolling speculators apparently forgot that, in manipulating the market, money isn't everything. There is also power. No matter how rich a speculator may be, he can't beat "city hall"—the board of directors of the New York Commodity Exchange (Comex), the largest silver market in the world. Anyone who wants to manipulate prices can't sit in a choicer spot than Comex's board. Unfortunately for the Hunts and their allies, at least nine of the twenty-three members of Comex's board (according to data uncovered later by Senator William Proxmire) stood to make an enormous profit if prices fell below the level at which the Comex directors had promised to deliver millions of ounces in the future. Here was a stunning conflict of interest, but morality has never been in long supply at Comex.

Beginning in January of last year, when silver hit $50, Comex began to issue new regulations to crimp the Hunts' style. First came new rules limiting the number of contracts an investor could hold and then limiting trading on the market to liquidation only. Down went the price to $30. The Hunts were hurt badly. Their credit line was damaged. As prices continued to tumble, the silver they had given as collateral no longer covered their debts. The calls for increased collateral became unbearably burdensome. On March 27, 1980, with silver down to $15.80 an ounce, Bunker informed his creditors that he could not—or *would* not—come up with another $100 million in collateral. That was it. The game was over—at least for the moment.

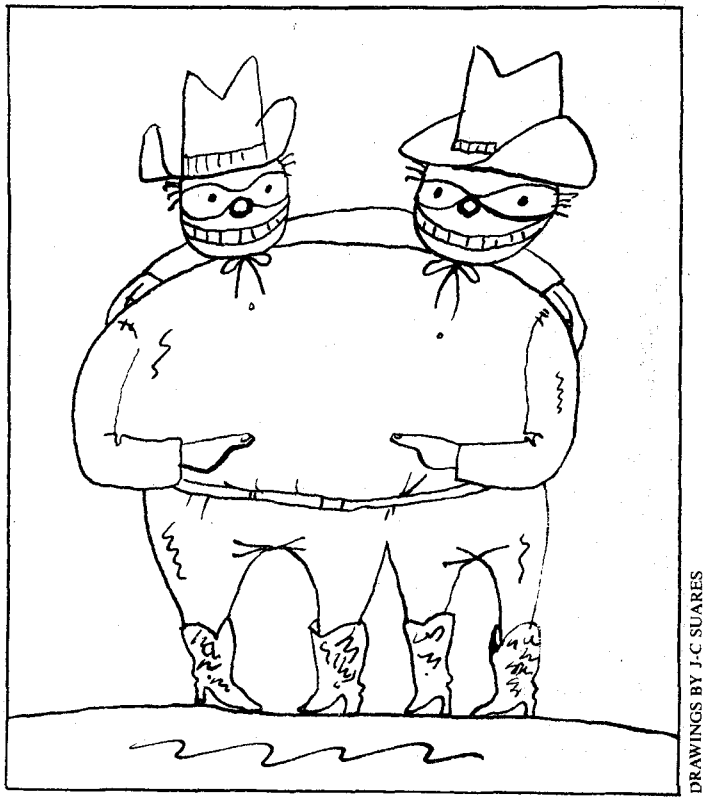
When news of this development hit the financial world, silver prices fell another 33 percent in twenty-four hours before staging a mild rally. The deep involvement of several large brokerage houses in the mess caused prices on the New York Stock Exchange to plummet to their lowest level in five years. At one point, the Hunts owed Bache two-thirds of the firm's net worth, and there were rumors it would go under. There was talk that Merrill Lynch was also in trouble. Paine Webber Inc. and A.G. Edwards and Sons Inc. were said to have lost millions. Other rumors portrayed black futures for some major banks. In short, it was a classic Wall Street panic.

Actually, there was no reason to fear that the Hunts couldn't pay their debts. Their net worth was far greater than what they owed. And, anyway, if they were forced to the wall, so what? Who cared? If they had to sell great gobs of their silver to cover their losses, so much the better for consumers and also for the commodities market. It would be rid of two predators. As *Business Week* commented: "They played a dangerous game for high stakes. They guessed wrong, and they lost. They should be forced to liquidate other assets and cover their losses—just as any speculators would have to do."

But that was missing the point. The financial establishment wasn't worried about what happened to the Hunts. It was worried about what would happen to "reputable" outfits like Merrill Lynch and Bache, and the banks who had gambled right along with the Hunts and had bought silver on their own and were now left holding it at prices too low for comfort. The establishment was especially afraid of what might happen to the Hunts' Arab cohorts if the Hunts were forced to sell off their silver, thus driving prices even lower. If the Arabs felt that they had been snookered by the Yanks, might they not withdraw their billions from our banks?

If all the worst things that the establishment feared would happen had indeed happened, there would have been a marvelously purifying effect on a remarkably impure industry. If some of our most splendid financial edifices had fallen, it would have allowed us to see, over the mounds of debris, some of the rotten things that had previously been hidden. In that respect, a silver crash would have been a golden opportunity.

Which is presumably why Federal Reserve chairman Volcker stepped in to rally establishment financiers behind the Hunts. Candor and light were the last things they wanted. Before they were through, they would engage in all



DRAWINGS BY J.-C SUARES

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sorts of duplicity and deceit. The noise from the market collapse was still reverberating when Volcker called a secret session in his office with representatives of some of the nation's largest banks. Quickly he helped them put together a plan to lend the Hunts $1 billion or so. (One has to add "or so" because the Hunts and the banks and Volcker have succeeded in preventing accurate figures from being made public. Some shrewd observers believe the total loans came to between $1.5 billion and $2 billion.) The Hunts were being treated to a bigger bail-out than even Chrysler was asking for at that time.

Volcker tried to pretend he had nothing at all to do with the scheme. The Federal Reserve Board issued a statement denying he had either encouraged or approved the loan. When reporters cornered him, Volcker began to squirm, but he continued to claim that even if he was at the plotting session he had had only a passive role, that of a mere spectator. But James Flanigan of *The Los Angeles Times* reported that insiders told him Volcker "played a key role in arranging the loans." After some hard digging on their own, *Washington Post* reporters Knight and Rowe came to the same conclusion, that Volcker "approved the negotiations" although "for months [he] had been urging banks not to make loans for speculative purposes and to limit credit to consumers."

When Volcker was summoned in May 1980, to testify before a House committee investigating the silver scandal, he at first denied masterminding the bail-out, but then changed his stance and tried to excuse his approval of the loans by arguing that he had done so only to shore up potentially rickety financial markets. He said he was afraid that if the Hunts couldn't pay their debts to bankers and brokers, a ripple effect of panic might sweep through the economy. In short, he was offering Wall Street's version of the "national security" rationale.

But there were some very fishy things about Volcker's story. For one thing, as reporter Knight asked rhetorically, "Why are the Hunts arranging a $1 billion loan from a group of banks when most of their known silver-speculating debts already have been paid?" (The Hunts had sold silver, oil property and Columbia Pictures stock to pay off some of their debts.) By the end of the month, the answers to that question emerged: the Hunts were using two-thirds of the billion to pay off *foreign* lenders and their Arab partners—a debt that, contrary to Volcker's claim, could not possibly have shaken the U.S. financial market. Also, $150 million went to repay the Hunts' own oil company for a "loan."

But—such was the gall of the Hunts and the complaisance of the Federal Reserve—it turned out that part of the money was also being used by the Hunts to start speculating again in silver. Senator Proxmire discovered that within a matter of days after receiving the loan, the Hunts had bought another nine million ounces. This was in direct violation of the promise Volcker had made to Congress, and to the American people, that the banks' agreement with the Hunts included a ban on further silver speculation. Also Volcker had promised in May 1980, that the bail-out loans were being made with the understanding that the Hunts would proceed at once to start selling their silver "in an orderly fashion."

Nearly a year later, in a letter dated March 24, 1981, Volcker acknowledged to Representatives Benjamin Rosenthal and Henry Reuss, who had demanded an explanation, that the Hunts had disposed of "only relatively small amounts of physical silver." He professed to be "concerned," though clearly he wasn't, since he went on to make excuses for the Hunts. Now he said he knew of no "fixed timetable" by which they were expected to stop gambling in silver.

The whole episode was a panoramic picture of how Federal officials and their colleagues in the world of big money watch out for one another, and especially how these officials forgive the latter their trespasses. Today the cries of terror and despair are no longer heard. Bache is prospering as never before. So is Merrill Lynch, whose role has never been fully revealed and probably never will be (at least not so long as Merrill Lynch has such allies in the Reagan Administration as Treasury Secretary Donald Regan, former chairman of the brokerage house). The banks' role as shills for the silver gamblers stirred few Congressional demands for investigation and reform. The silver market is quieter now, but needed reforms are not being seriously suggested. Nor is anybody in Congress demanding that Volcker be impeached for his deceptions. As for the Hunt brothers, they are still rolling merrily along, pumping their oil and adding to their silver pile, and now and then grumping that the S.E.C. is treating them unfairly and besmirching their good names. □

REAGAN'S REGULATORY WARS

Making the Worker Safe for the Workplace

RONALD BROWNSTEIN

History may well record that the Reagan Administration's war against Federal health and safety regulation commenced on the morning of December 9, 1980, over coffee and eggs in the Mayflower Hotel.

The occasion was a press breakfast sponsored by the American Enterprise Institute (A.E.I.), a conservative think tank whose star has been in the ascendant since Reagan's election. A group of the institute's resident thinkers offered

Ronald Brownstein, a staff writer for Ralph Nader, was the editor of Selecting a President: A Citizen's Guide to the 1980 Election *and co-editor of the upcoming* Who's Poisoning America *(Sierra Club).*

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the President-elect their recommendations for regulatory reform. Since five of the A.E.I. speakers had served on Reagan's regulatory transition team, the press took their "independent" advice as a preview of the new Administration's policies.

It was a valid assumption. The longstanding watchwords of the A.E.I. economists—"cost-benefit" analysis, "cost-effective" regulation—have been warmly embraced by Reagan. And some of the independent advisers have moved into key positions that will allow them to transform their proposals into policy. Murray Weidenbaum, co-editor of the A.E.I.'s magazine *Regulation* and master of ceremonies that morning, has become chairman of the Council of Economic Advisers. And James C. Miller 3d, co-director of the A.E.I.'s Center for the Study of Government Regulation and formerly the chief of regulatory review at the Council on Wage and Price Stability under Gerald Ford, has become administrator for information and regulatory affairs of the Office of Management and Budget (O.M.B.) with regulatory responsibility, and executive director of the Administration's Task Force on Regulatory Relief. With these twin posts, Miller has been Reagan's busiest regulator. It is rumored that Miller, who headed the Reagan transition team on the Federal Trade Commission, will be nominated this fall to chair that agency.

Having spent years writing about, pondering over and agitating for a regulatory rollback, the Reagan appointees got off to an impressively quick start. Already more than 100 environmental, occupational health, auto safety and other regulations, including a package of thirty-five affecting the auto industry, have been withdrawn, reopened, postponed, or scrapped completely. The Administration has developed a three-way deregulatory strategy, which will (*1*) require regulators to give primacy to the costs of regulation to business, (*2*) tighten White House control over the regulatory agencies and (*3*) cut the agencies' budgets on the entirely plausible theory that, as the O.M.B. puts it, "fewer regulators will necessarily result in fewer regulations."

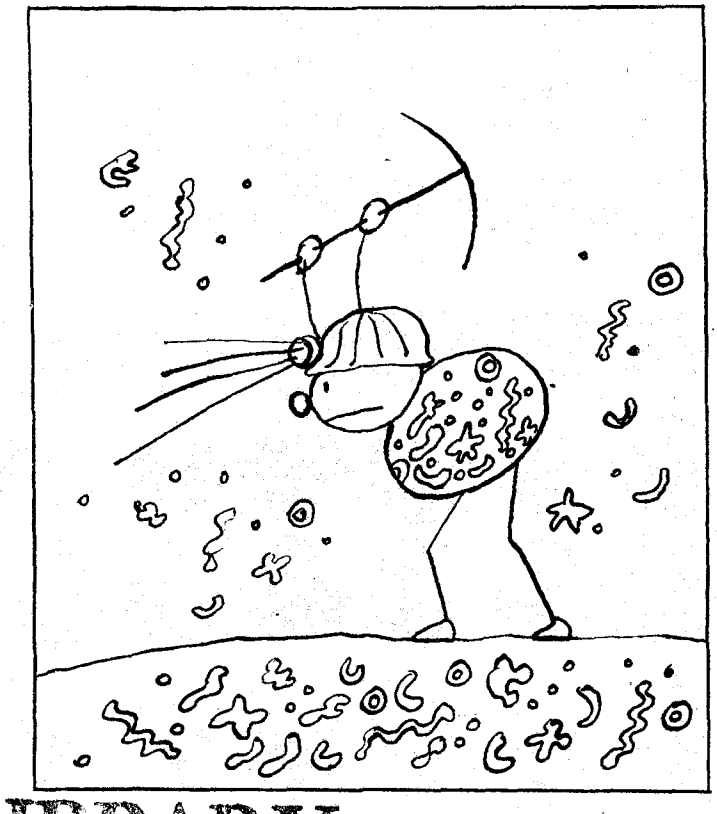
The first aspect of Reagan's plan has drawn the most attention for it raises questions that are not only economic but philosophical: how much should be spent to save a life and who should make that determination? Inevitably, proposals to reduce business's regulatory bill have centered on cost-benefit analysis. Cost-benefit requires agencies to prove that the benefits to society of a regulation—often measured in terms of lives saved or birth defects averted—exceed the costs to industry of compliance. Under a February 17 Reagan executive order all new regulations will have to meet this test; the Occupational Safety and Health Administration (OSHA) has already opened existing standards on cotton-dust and lead exposure for a new cost-benefit examination.

OSHA's move to reconsider the cotton-dust standard—which underwent a thorough cost-benefit review in the Carter Administration—dramatizes the most serious problem with this kind of analysis. It is highly subjective, but in a way that can be hidden behind stacks of objective-looking numbers. Weidenbaum calls cost-benefit a "neutral" concept, which is absurd. As Miller himself has said, "One of the problems quite obviously is that very often you're going to have as a source of the cost data the firms that are going to be regulated. They have a propensity to overstate costs. On the other hand you have as prominent sources of the information on benefits the bureaucrats in the agencies . . . who have a tendency to overestimate benefits." [See Ed Greer, "Deregulation Fever Hits the Supreme Court," *The Nation*, December 20, 1980.]

The Carter Administration found that the benefits of the cotton-dust standard were as much as eleven times greater than the costs, but it will not be surprising if the Reagan economists determine that the regulation fails the test. Shuffling seemingly small variables—the impact of a regulation on a worker's productivity, the value of grief suffered from the loss of a family member, the rate at which future earnings are discounted—can drastically alter cost-benefit calculations. As a House of Representatives report on cost-benefit observed, "it is easy for the analyst to manipulate the study to achieve virtually any desired conclusions."

The Administration's commitment to cost-benefit is less firm than its public statements would indicate. Reagan's primary interest is not reforming regulation but removing it, and cost-benefit analysis is a means, not an end. When the benefits of a regulation exceed the cost and a powerful industry wants relief, the offending regulation is still likely to go. Both the air bag and the cotton-dust standard, which fall into this category, are already on the way out.

Philosophically, the Administration is much more committed to "cost-effectiveness," a regulatory concept promoted relentlessly by Miller. On the surface, cost-effectiveness is



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difficult to quarrel with: it merely requires an agency to use "the most cost-effective approach for meeting any given regulatory objective." In practice, though, this generally translates into less effective pollution control. Under Reagan, cost-effective regulation will be used most heavily by OSHA, primarily through the substitution of respirators for engineering modifications to protect workers from dangerous substances. It is a new variation on the old idea of making the worker safe for the workplace.

"Protect" is used loosely, for respirators have rarely proven up to the task. Workers and industrial hygienists have pointed out that respirators are extremely uncomfortable, are considerably less effective in practice than they appear to be in laboratory tests, are sometimes ineffective even when worn properly, are potentially hazardous under strenuous conditions (particularly for textile workers with already diminished breathing capacities) and are an obstacle to communication. Miller acknowledged the drawbacks under cross-examination during a 1976 OSHA proceeding at which he recommended the use of respirators for coke-oven workers exposed to carcinogenic emissions:

> *Q*: Is it a fair statement to say that coke-oven workers do not wear respirators and do not want to?
> *Miller*: On our visit [to a coke-oven facility], Dr. Fair emphasized that in the summer it is very hot and it is very uncomfortable wearing these things.
> *Q*: You could not talk with me right now like you are if you had a respirator on. Is that not correct?
> *Miller*: It would be rather muffled.

In all, Miller said, during his visit to the coke oven, he wore his respirator "10 or 20 percent" of the time.

The experience, apparently, did not alter his views. Regarding the complaints of workers about the inconvenience of the masks, Miller commented: "Perhaps we should rename the agency the Occupational Safety, Health and Comfort Administration." The response of Thorne Auchter, the new head of OSHA, to evidence that respirators are uncomfortable was: "Well, employers are asked to do things under the government's safety and health act and under OSHA regulations that are not always comfortable for them."

Auchter himself exemplifies the second component of the Administration's regulatory strategy, the centralization of control in the White House. This has been eased by the appointment of regulators who, like Auchter, a former construction company executive, have little knowledge of the regulatory programs they are to administer and little inclination to question White House initiatives. Raymond Peck, the new head of the National Highway and Traffic Safety Administration, has been a lobbyist for the National Coal Association with no particular expertise in auto issues; Anne Gorsuch, the new head of the Environmental Protection Agency, is a Denver lawyer whose experience with the agency extends no further than a general opposition to what it has been trying to do.

Since even the most carefully vetted appointees retain the potential for independent thought, the White House has instituted an additional check on the agencies through executive orders. Reagan has given the O.M.B. the authority to review proposed regulations early in the process. More important, he has empowered the Regulatory Task Force to "review major regulatory proposals by executive branch agencies" and "assess executive branch regulations already on the books." The task force will also "oversee the development of legislative proposals" on major regulatory statutes such as the Clean Air Act. On paper, at least, agency heads still have the final decision on individual regulations, but as one task-force staffer said recently, "I would imagine that an agency head would not be likely to make a strong decision that went against the feeling of the task force." Miller recently suggested that if an official ignored task-force recommendations on regulation, "the President . . . might decide to remove such a person from office."

Agencies can also be swayed by the threat of deep budget cuts, such as those facing the Consumer Product Safety Commission (27 percent) and the Council on Environmental Quality (72 percent). Those cuts, of course, will also reduce the agencies' capacity to undertake new programs or enforce existing laws.

To further centralize White House control over the regulatory process, Reagan's advisers are tempering their earlier support of a wide variety of proposals that would have the effect of dispersing regulatory authority to the courts, and to Congress through a legislative veto of agency rules. At a meeting with Congressional Democrats earlier this year, Miller suggested that "we enact strict regulatory reform and have an effective date of three years from now," according to one participant. "Their whole perspective has changed now that they are in the catbird seat," the participant said.

Why the change? Reagan's advisers now fear that the roadblocks they proposed with the object of hindering the regulatory agencies could also be used to prevent their dismantlement. Using the legislative veto, the Democratic House could theoretically defeat new regulations whose purpose is to weaken existing standards. "Regulatory reformers who do not recognize this fact, and who continue to support the unmodified proposals of the past as though the fundamental game has not been altered, will be scoring points for the other team," Antonin Scalia, co-editor with Weidenbaum of *Regulation*, has written.

During the Carter years, the Administration's A.E.I. alumni affected a scholarly aloofness, saying that their reforms sought only to impose an economist's rationality on the regulatory process. All of Reagan's proposals to wipe out safety and health regulations have been presented in this guise. But the Administration's current coolness toward regulatory review schemes (especially legislative veto) and its selective use of cost-benefit analysis to eliminate regulation put these academic pretensions in their proper light. Reagan and his aides are simply seeking to free business from responsibility for its byproducts, by whatever means necessary, and there is nothing terribly new or scholarly about that. □

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IN THESE TIMES

TOURS SUMMER 1981

In These Times offers you an unique travel opportunity this summer. Our tour program for the summer focuses on Europe. We have arranged four exciting tours to experience the region. They are designed to be fun, but also to go beyond the usual look at museums, cathedrals, castles and scenery that ordinary tours include. They will be unique because the guide leaders who will accompany you are knowledgeable about the history and political culture of each country. They'll take you behind the standard tourist attractions to explore the political and social movements of the country.

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BEYOND OPEC

Third-World Oil: The Unexplored Alternative

PETER SCHWARTZ

The links between national energy policy, dependence on Middle Eastern oil and national security are twisting ever more tightly. One of the primary justifications for the huge increases in defense spending advocated by the Administration is an alleged threat to Persian Gulf oil posed by the Soviet Union.

In his statement before the Senate Armed Forces Committee on March 4, Defense Secretary Caspar Weinberger called for an expanded U.S. presence in the Gulf, to which he devoted his only burst of eloquence in an otherwise pedestrian litany of woe: "The umbilical cord of the industrialized free world runs through the Strait of Hormuz into the Arabian Gulf and the nations which surround it. . . . The Soviet Union will almost certainly become a net energy importer. This, coupled with their economic necessity for eventual access to the Gulf oil basin, is their long-range objective of denying access to oil by the West."

The Administration's assumption that the Soviet Union would become a "net energy importer" has been discredited by a recent Central Intelligence Agency study, which concluded that Soviet production would be sufficient through 1985. Moreover, our geopolitical thinkers continue to ignore the growing evidence that there are large reserves of oil elsewhere in the world, waiting to be developed. An aggressive exploration program in the Third World would help reduce the dangerous dependence of the United States and its allies on the Persian Gulf umbilical cord. Additional supplies of oil from the Third World and non-OPEC countries could also soften the market and stabilize prices, ease the transition to alternative sources of energy and enable the developing nations to get out from under their mounting burden of debt from oil imports—and even perhaps attain energy self-sufficiency.

Conventional wisdom among American geologists slights the prospects for major new discoveries. According to these experts, the majority of whom have ties to the major oil companies, most of the earth's oil lies in giant fields, containing at least 500 million barrels, and most of these giant fields have been located. An important assumption underlies their conclusion, namely that the state of the art in petroleum geology is sufficiently developed to identify precisely the location and quantity of oil anywhere in the world and, further, that a limited amount of exploratory drilling can determine the potential of any given basin. For instance, an Exxon study suggests that "drilling activity follows exploration success rather than leading to it. . . . The prospectiveness of an area (part or all of a basin) can be severely downgraded on the basis of a few exploratory wells if these are dry and show unfavorable geology." From this it concludes that most of the prospective areas in the world have been adequately explored.

Yet this thinking has been challenged. For example, Bernardo Grossling, a Chilean geologist with the Inter-American Development Bank, believes that current surface exploration techniques provide clues but very little certainty. The clues will "pay for the risks, but there are not really rigid links between geologic measurements and petroleum." Michel Halbouty, an independent producer and petroleum geologist, concurs with Grossling: "It's an amazing thing that out of all the stratigraphic fields that have been found in the world today, I would say 99.9 percent—if not all—have been found by accident."

Actually, the periodic assurances of imminent scarcity by the international oil corporations are based upon a financial interest in high prices, not scientific certainty. The behavior of oil company stocks provides evidence for this. Their value typically increases with each rumor of major price hikes by OPEC producers. And in early December, the value of these stocks plunged in response to reports of the discovery of a massive oil field in the Soviet Union, with potential reserves dwarfing the already known recoverable reserves of the entire world. While these reports were probably unfounded, or greatly exaggerated, the skittish behavior of oil stocks indicates that no one really knows how much oil remains to be discovered.

Spokesmen for the oil industry have, in fact, admitted that oil is distributed generously around the globe. In 1960, Senator Russell Long of Louisiana, a devoted servant of the industry, admitted: "Until one has explored, there is no reason on earth to assume one acre of land is any better than any other acre of land anywhere on earth." Ten years later, Stephen Rosenfeld, a *Washington Post* columnist, noted: "The industry weekly *Oil and Gas Journal* counts as the foremost development of the 1960s 'the realization that given the proper geologic setting, gas and oil can be found almost anywhere on earth—perhaps not in such plenitude as the Middle East, but certainly in commercially viable quantity.' "

If petroleum exploration is in fact little more than an educated guessing game, then the terms of the debate alter considerably. Of the more than 3.2 million oil wells drilled in the world, 2.4 million, or 75 percent, are in the continental United States. Private ownership of subsurface mineral rights and the proximity of supply to a large and stable market are the main reasons for this disproportionate emphasis. As Henry Banta, a former staff counsel on the Senate Judiciary Committee, has remarked, "There's no reason to believe that most of the oil in the world is to be found only where white men speak English."

Grossling has noted further that "in the developing countries, which account for about one half of the world's pro-

Peter Schwartz is a graduate student in political science at the University of California, Berkeley.

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spective area, only about 4.3 percent of the world's exploratory drilling has taken place." This is not because of a high failure rate. Between 1945 and 1975, Grossling says, far more oil was found per foot of total drilling in Latin America and in Africa than in the United States. And the costs of such discoveries were well below those in other parts of the world.

Evidence from the Senate Foreign Relations subcommittee hearings on multinational corporations in 1974 suggests two explanations for the paucity of exploration in the developing world. Until 1973, oil supplies from the Middle East were cheap and secure. There was no need to search elsewhere for oil, which would probably cost more to extract anyway. Perhaps more important, the large international oil companies controlled the world market. Their interests are in profit maximization through cooperative market-sharing arrangements, and this has discouraged exploration in the developing world.

According to Grossling, there is a high probability that vast accumulations of oil remain to be found in Latin America, Africa and Asia—as much as one to two trillion barrels of it. He estimates that there are between three and eight giant oil fields to be found on each continent. Allowing for a constant annual increase in the world's consumption of oil, this alone would be enough oil to supply the world's needs for at least another forty to fifty years. These estimates coincide roughly with the forecasts of the Soviet Union's Ministry of Geology but are far above traditional oil industry projections of around 400 billion barrels of oil to be discovered in the developing world. As a result, it is not surprising that Grossling's methodology and conclusions are ridiculed. Various energy analysts and petroleum geologists have called him a "total fool," an "absurdity" and a "charlatan."

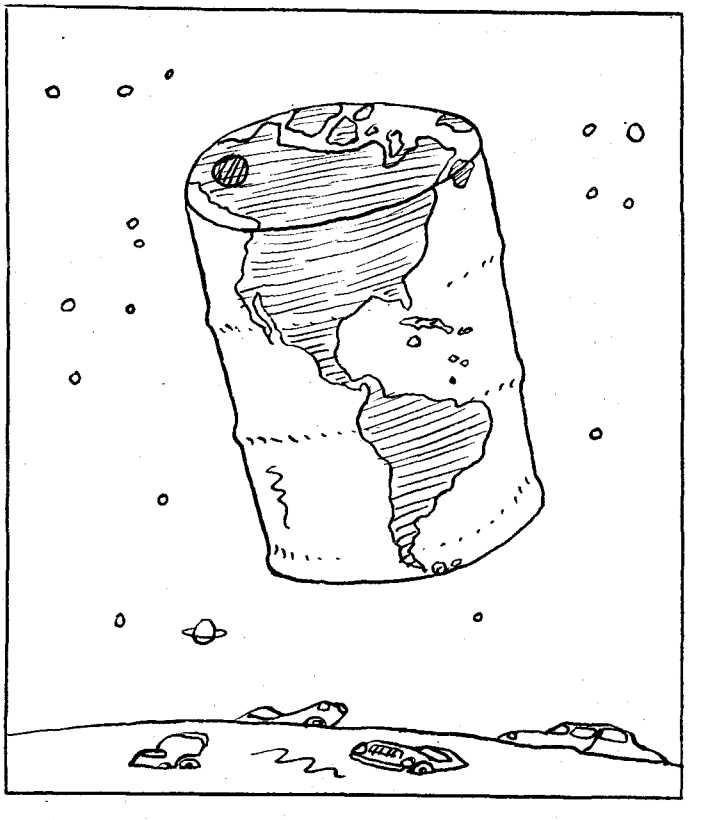
Critics insist that the state of the art in petroleum geology has advanced rapidly in recent years. Grossling's figures, they aver, are wildly optimistic, based upon a false premise: that oil is distributed relatively evenly throughout the world. The logical conclusion to his argument would suggest drilling in areas where such activity would be totally unwarranted, thus leading to a gross misallocation of resources.

However, this criticism may actually support Grossling's thesis. In the past, the accuracy rate of petroleum geology's predictions has been roughly the same as that of weather forecasting. Some of the largest oil deposits in the world, in East Texas, the Algerian Sahara, West Siberia and Mexico, have accumulated in formations which petroleum geologists could not detect. In fact, as geological theory and technique have advanced, they have proven to be critical factors in locating oil. In the 1960s, for instance, Occidental Petroleum acquired acreage in Libya that Mobil had drilled without success. Using new seismic techniques and additional drilling, Occidental discovered oil within a mile of a dry well drilled by Mobil. At its peak, the field produced more than 800,000 barrels of oil a day. Thus, incremental advances in the state of the art merely lend credence to the thesis that, in the past, exploration in the developing world has been inadequate, given the minimal amounts of wildcat drilling that have taken place.

A number of obstacles, however, may preclude a major effort by private industry to locate and produce the world's remaining undiscovered oil. While oil companies have claimed Herculean efforts to find oil all over the world, the evidence for such efforts is on the whole rather flimsy. The oil companies are swimming in a sea of huge profits. As a result, exploration budgets have increased substantially in the past two years. But the largest proportion of these budgets has been targeted for the United States, Canada, the North Sea and the Middle East. Exploratory activity elsewhere represents only 5 percent of worldwide exploration and production budget projections totaling more than $40 billion. Most of this exploration will occur in Canada, the North Sea, the Persian Gulf, Libya, Nigeria and Indonesia—areas already producing for export.

Exploratory activity in the developing world has actually declined in the past fifteen years, a trend that has continued despite the 1973 and 1979 leaps in oil prices. Since the early 1970s, exploratory drilling in Latin America, Asia and Africa has declined by almost 20 percent, while it has simultaneously increased by more than 30 percent in the United States. There are a variety of explanations for the decline. Producing companies are currently profiting handsomely from existing foreign production. It may be that they prefer to place their marginal investment dollars in current production to maximize short-term profits at the expense of longer-term investments in exploration. Companies are also reluctant to invest in countries that are not likely to develop an oil-exporting capacity.

Political factors also play an important role in foreign investment decisions. Third World instability has become a



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fact of life for foreign investors in the past two decades. William Lane, the director of the Office of Competition for the Department of Energy in the Carter Administration, attributed this to a decline in Western military hegemony around the world; rising levels of nationalistic fervor; class, ethnic and religious conflict in many developing countries; and a diffusion of technical skills throughout the developing world. Such uncertainty can manifest itself in the potential for terrorist activity directed against corporate executives and corporate property, as well as expropriation of foreign assets should the radical opposition gain control of the government. Even without such harassment, the terms of a contract are often unilaterally revised by the host country upon the discovery of valuable petroleum deposits.

In November 1978, a number of United States Senators conducted a survey to determine the role political risk plays in a decision by an oil company to invest abroad. The results of this survey revealed that political risk was one of the most important factors in investment decisions. The companies that responded mentioned thirty-two overseas oil projects not undertaken because of the political risk involved. A Federal agency, the Overseas Private Investment Corporation, does exist to provide political risk insurance for such projects. However, it is handicapped in a number of ways. It may not provide insurance for operations in countries that are judged to violate human rights. It is also excluded from countries that subscribe to the Calvo Doctrine, which requires that disputes be settled in local courts.

Many developing countries that are wary of the private oil companies do not possess the technical skills, the capital equipment, the infrastructure or the financial resources to explore for and develop their oil resources. Such projects must often compete for scarce resources with other projects involving agriculture and industry, basic health care and education. Multilateral lending agencies such as the World Bank and the regional development banks potentially can play an active role in overcoming these particular obstacles.

The World Bank has devised a program to accelerate petroleum production in developing countries. The bank acts as a third party in negotiations between a company and a country; provides loans and, occasionally, grants to conduct basic geological and geophysical surveys in prospective areas; and attempts to attract high-risk capital for drilling, particularly for offshore exploratory drilling. The bank hoped to be lending $1.2 billion a year by 1983. Yet the program has been severely handicapped by the decision of the Reagan Administration to withdraw support for it.

All of these impediments, considered together, suggest that it is not enough to leave the responsibility for oil exploration in the developing world solely with the oil industry. Yet the Carter Administration reacted with strange ambivalence to virtually every proposal designed to promote exploration and development of oil resources in the Third World. Without openly opposing such a strategy, it moved with sluglike slowness. An interagency task force was formed within the Administration to examine ways of increasing oil supply from the developing world. However, its report failed to provide any significant movement toward a coherent international oil policy. According to one member of this task force, the problem was that key Cabinet members and subdepartmental office chiefs under Carter were essentially "in the hip pocket" of the largest oil companies. These companies, inherently conservative and risk-averse and with an interest in scarcity, have repeatedly voiced pessimism about petroleum prospects in the developing world. For the most part, Carter Administration officials were extremely reluctant to deviate from the policy of continuing cooperation with OPEC.

Ronald Reagan altered the Carter Administration's international oil policy little. He has had to confront the conflict between his oft-reiterated faith that domestic production can bring about national energy self-sufficiency and pressure from the international oil companies to maintain foreign imports. The resolution to this conflict is support for oil exploration, nuclear energy and increased coal production domestically, and a renewed military commitment to back up the international oil companies in the Middle East. He has ignored and probably will continue to ignore both the energy needs and the energy promise of the non-OPEC developing world.

Many Americans will find the Reagan alternative to be no improvement over the Carter Administration's torpor. Yet there are hints of the future shape of a potent national coalition that would support an active international oil exploration program. Such an alliance might consist of liberals not reflexively opposed to foreign aid to leftist governments; Jews and conservatives nervous about the consequences for Middle East policy of subservience to the oil states ringing the Persian Gulf; and oil companies interested in overcoming the political constraints on exploration in the developing world. This uneasy, unlikely coalition may agree on little else. One hopes, however, that the binding force of this particularly important interest will ultimately help to forge an international oil policy that does not breed fealty to a collection of nouveau-riche sheikdoms and that does comprehend the benefits to be derived from a diversified world supply of oil. □

Libel

(*Continued From Front Cover*)

them, have so multiplied around the nation that a publication entitled *Police Plaintiff* keeps track of the litigation.

If these cases indicate a trend, then political activity may become increasingly dangerous to your pocketbook. This upsurge of lawsuits filed by individuals and corporations because of alleged damage suffered from the expression of political opinions is having a chilling effect already, say observers in communities where the legal actions are taking place. The suits appear to provide a way for the rich and powerful (or the well-organized) to retaliate against those who challenge their interests.

Eve Pell is a freelance writer living in Mill Valley, California.

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The anxiety, expense and nuisance of defending against such suits tie up the resources of the persons sued, so that, whether or not the suit ultimately succeeds, the complaining party can achieve a punitive effect simply by filing the action. Furthermore, court processes can take such a long time with depositions, rulings, appeals and so forth that even to have the case dismissed may take years.

Perhaps the national hot spot for political lawsuits is Santa Cruz, California, better known for its beautiful beaches and fine university. Some years ago, a coalition of senior citizens, environmentalists, students and other progressives became active in local politics. They successfully worked for the election of officials who favored restrictions on housing and land development. In 1978, a wealthy conservative landowner named Telford Smith took out a series of advertisements lambasting these new forces and poured money into a campaign urging the recall of the county's two environmentalist supervisors. An anti-recall group formed, and responded with an ad asking "Who is Telford Smith?" The ad claimed that Smith was pushing the recall to advance his economic and political interests.

Smith eventually won the recall, but he was not satisfied. He sued the anti-recall campaign coordinator, a then stock clerk named Tim Jenkins, whose name had appeared on the ad, together with 100 John Does (a legal device for adding other defendants to the suit at a later time). He asked $500,000 in damages for defamation. Eventually, Jenkins named forty-five others who had participated in the anti-recall campaign, and Smith subpoenaed the most politically prominent of these for depositions. They were asked for the names of others involved with the ad and were confronted with questions calculated to frighten them, such as, "What is your net worth?" Smith has proceeded very slowly with the suit and, according to Hugh De Lacy, a former Congressman who was subpoenaed, the developer "just kicks things up around election time," as if to remind the forty-five of the risks of political activity.

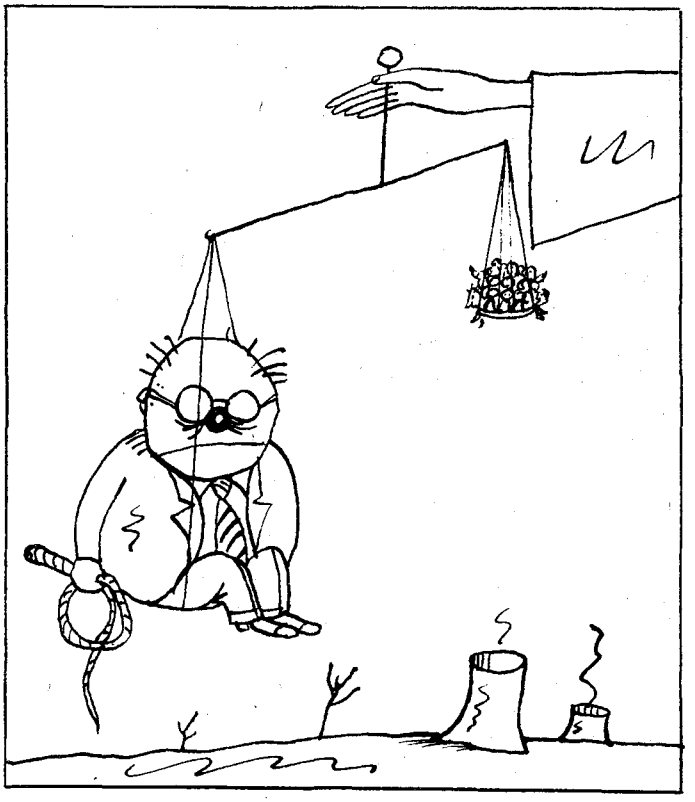
Five other libel actions stemming from political action in the Santa Cruz area have been filed. Among them are two separate $3 million suits against two individuals who signed letters to the editor which appeared in local papers, charging that a supervisor had unduly favored a developer. The developer sued only those who sent the letter, rather than the editor and publisher of the papers that printed them, as is usual. De Lacy believes the developers did not wish to hurt the editors and publishers "because those are their friends."

Tim Jenkins, who has remained active in Santa Cruz politics, says, "This is one community in the nation where the left and progressive politics have been successful. I think the local development interests, the conservatives and business interests realize they can't beat us at the polls—they're losing their pants in the electoral process. These suits are a way of intimidation to target the most effective people and scare us into silence." Jenkins's lawyer feels that an injustice would be done if this case should ever come to trial; he says that the advertisement was the exercise of free speech during an election, and thus totally protected under the First Amendment.

The same issue was argued in April before the California Supreme Court. The case arose when a development company planning to build a condominium in Beverly Hills sued the president of the League of Women Voters, as well as the leader of a successful antidevelopment initiative, a local citizen and no less than 1,000 John Does. The offending acts: a ballot initiative and two letters to the editor; the damages sought: $63 million. The company claims that libelous and slanderous statements caused it to lose the condominium project and its reputation.

Stephen Bomse, a volunteer lawyer for the Northern California chapter of the American Civil Liberties Union, argued an amicus curiae brief for the defendants. He says, "If the court allows this case to proceed with discovery, motions and a trial and appeal, that will have a tremendous economic impact on these people. This kind of lawsuit is a major, major weapon. I can assure you that all of the very nice people of Beverly Hills would have thought long and hard before getting involved if they thought they might end up with a huge legal bill." According to Bomse, the suit is really "an effort to use the legal system for what I would consider inappropriate ends." In other words, the company is suing because it lost the election.

During the argument before the California Supreme Court on April 6, Chief Justice Rose Bird wondered aloud whether people would have to consult a lawyer before writing a letter to a newspaper, and Justice Stanley Mosk asked whether a suit against 1,000 voters in a community estimated by the company's lawyer to have between 2,000 and 3,000 voters altogether would not have a chilling effect. The court's decision in the case could significantly expand the rights of free speech and petition in political campaigns, or it could unleash a flood of suits by disgruntled individuals



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and corporations against anyone who opposes their interests through the political process.

Bomse believes that the use of litigation as a weapon is growing. "We're seeing this all the time now; the Sierra Club brings an environmental lawsuit and gets sued. At one time it was not considered part of the rules of the game. If a public interest group sued you, you defended and you spent lots of money, but it wasn't considered cricket to sue them back. But all that has changed, and now you're telling this bunch of do-good folks 'the price of poker has gone up. You sue us and we're going to sue you back.' Think what that means to someone earning $10,000 a year."

One West Virginia man now facing just such a suit makes nowhere near $10,000 a year. He is farmer and environmentalist Rick Webb, who earns about $4,800. Webb complained to the Environmental Protection Agency and wrote in a newsletter that a coal company had polluted the Buckhannon River, causing the trout to die off. Although volunteer lawyers are defending him, he has been tied up in the preparation of his defense and is distressed by the lawsuit, which could cost him $200,000 in damages.

Corporations and developers are not the only groups feeling litigious these days; police officers and their associations are filing numerous suits against those who criticize them. Lawyers for both police and their critics find an upsurge in recent years. In fact, Amitai Schwartz, lawyer for the Northern California A.C.L.U., says that people now ask him to review their press conference statements in advance. Schwartz sees police as governmental authorities who are unable to stifle dissent directly, and so resort to libel suits. Police unions and associations provide the deep pocket needed to pay the bills.

Attorney Robert Harris is defending the San Francisco and national N.A.A.C.P. against a $50 million lawsuit filed by the San Francisco Police Officers Association. The action stems from a press conference called by the N.A.A.C.P. and the Bayview-Hunters Point Community Foundation at which complaints were made of police brutality and collusion between the Chief of Police and the P.O.A. to protect officers who acted improperly. Harris considers the suit a deliberate attempt to intimidate people who want to protest police misconduct. He attributes the increase in such actions to a decision by the Mississippi Supreme Court which upheld an award of damages to merchants who sued the N.A.A.C.P. for its role in organizing a boycott of white-owned stores in Port Gibson, Mississippi.

Other lawyers attribute the trend to a disposition by the U.S. Supreme Court under Chief Justice Warren Burger to discourage the use of summary judgments in favor of letting cases go to trial. Thus, they say, police can fine the defendants in terms of time, money and years of uncertainty, no matter what the outcome of the case.

Billy Norton, editor of *Police Chronicle*, the magazine of the International Brotherhood of Police Officers, encourages officers to sue. As he told the *National Law Journal*, "Where we have struck back, the number of police brutality complaints dropped sharply." Recently, in a decision Norton would disagree with, the Appellate Division of the New York State Court in Brooklyn ruled that police officers may no longer sue citizens who complain about them. But this ruling applies to complaints "in the proper forum," not necessarily to complaints aired in the press.

Perhaps the most egregious instance of abuse of the legal system stems from a suit filed by a former City Councilman of Seaside, California, after he was recalled in an election. Two women who signed a recall petition were named as defendants. Says their lawyer, "They'll never sign a petition again." The issues in the case are complicated by the fact that the ousted Councilman, Louis Haddad, is claiming that violations of election rules also took place, among them circulation of petitions before the proper date. But he also includes libel charges. Haddad, who is white, has sued some seventy-seven defendants, among them black churches and their ministers, as well as almost every politically active black person in Seaside. He includes 100 John Does in his suit besides the named defendants; this device enables him to threaten those who cross his path. In a recent letter to the *Monterey Herald* criticizing the paper, Haddad warns, "I'm not going to take your bullshit any more. My lawsuit includes 100 John Does. . . . Be careful, John Doe." The defendants have not yet been served with papers, and they are worried. According to Steve Slatkow, a lawyer involved with the case, they ask, "What happens in the next election? What if we start going to City Council meetings? Are we going to get served?"

Richard Criley, executive director of the local A.C.L.U., says that Haddad is regarded by the black community as a racist who has created all kinds of problems for them as they struggle to gain a voice in local government. He is troubled by this suit and others like it. "The First Amendment is being threatened and the threats have a certain class basis," he says. "It's only those who have enough money to play around with litigation who can afford to do this." He thinks these suits are cropping up now in reaction to gains which have been made in the courts in the exercise of First Amendment rights. "I think some people who are not that keen on popular democracy see this as a means of gaining ends that couldn't be gained by other forms of litigation," he adds.

Criley was a defendant in a short-lived suit filed by a born-again Christian millionaire who was frustrated in an attempt to purchase a local classical music station. The would-be buyer filed suit against music lovers who protested the proposed sale to the Federal Communications Commission; his action was thrown out of court.

Eva Patterson, an attorney at the San Francisco Lawyers Committee for Urban Affairs, which is active in the defense of the N.A.A.C.P., thinks that "the right has learned the tactics we used in the 1960s." She considers this unfortunate because, in her view, "the government and the system work in their interests anyway, so these suits are icing on their cake." She sees no remedy for the problem. "They do have free speech, and you can't cut off access to the courts to people you don't like. This is one of the unpleasant side effects of democracy." □

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BOOKS & THE ARTS.

Pentagon's Nervous Breakdown

THOMAS POWERS

NATIONAL DEFENSE. *By James Fallows. Random House. 204 pp. $12.95.*

> *All warfare is based on deception. Therefore, when capable, feign incapacity; when active, inactivity. When near, make it appear that you are far away; when far away, that you are near. Offer the enemy a bait to lure him; feign disorder and strike him. When he concentrates, prepare against him; where he is strong, avoid him. Anger his general and confuse him. Pretend inferiority and encourage his arrogance. Keep him under a strain and wear him down. . . . For to win one hundred victories in one hundred battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill.* —*Sun Tzu,* The Art of War *c. 400-320 B.C.*

The martial note is absent from Sun Tzu. There is no echo in his short book of the clash of arms, desperate undertakings, blood and steel. He considered war a matter of vital importance to the state, far too dangerous for posturing and heroics. An unwise ruler might squander his armies, impoverish his people, capture only the husk of ruined cities in victory, lose everything—wealth, power, throne, life—in defeat. For Sun Tzu, war required careful study, caution, a tranquil spirit, intelligence, a talent for the unexpected.

No one should conclude from this that war in China has been a graceful, bloodless affair. It was as terrible in Sun Tzu's time as in any other. The classical age of China, described by Chinese historians as the Age of Warring States, had its plenitude of sieges, massacres and gory battles. Sun Tzu attempted to make sense of war, to give it point and master the chaos, by transcending the slugger's instinct to pit strength against strength. A wise commander, in his view, should always consider first the price of victory, keep his mind clear of the passions of war and remember that the enhancement of the state was his goal, not the suffering of the enemy. This is a sensible approach to war, but even the Chinese have found it hard to stick to, and it has not had much influence in the West.

> The main thing in true strategy is simply this: first deal as hard blows at the enemy's soldiers as possible, and then cause so much suffering to the inhabitants of a country that they will long for peace and press their government to make it. Nothing should be left to the people but eyes to lament the war. —Gen. Philip H. Sheridan

Americans tend to think of peace as what you get after you win a war. Like other democracies we drag our feet before war begins, but once committed all sense of moderation and restraint falls away. The Civil War set the modern American style in warfare—all-out assault on the largest possible scale, with unconditional surrender as our goal. We have not gone in for gratuitous slaughter—except at the arm's length allowed by technology; only "the enemy" is visible through a bombsight—but we have seen war, or at least our wars, as contests of good and evil. This does not make for moderation.

The onset of the cold war in the late 1940s did not require malevolence on either side; traditional great power rivalry was motive enough. But we Americans seemed to need a villain to explain what happened, and Stalin was it. When Stalin died his place was taken by "ruling circles in the Kremlin," Marxism-Leninism, the worldwide Communist movement controlled by Moscow—a villain, at any rate, be it movement or men, with expansionist aims and a willingness to risk war in their pursuit. The result, in Washington, has been military mobilization on a gigantic scale, not in men so much as in destructive power. What the Russians think about this situation it is hard to say; they do not cultivate the personal note of authenticity in public utterance. But they have certainly gone along with our general view of matters, preparing for a titanic military struggle so vast it might, pushed to the limit, mark a break in history as fundamental as the onset of the Dark Ages.

What would Sun Tzu say about this state of affairs? I imagine him as a short, slight, exacting man, quite old, naturally, with an alert steadiness of gaze and the air of one who does not need to be told things twice. As a recognized authority in military matters, whose writings have been earnestly studied for two millenniums, Sun Tzu could expect V.I.P. treatment at the Pentagon. How would he respond to a full-scale, two-day briefing on the world military balance and the Reagan Administration's plans for new strategic weapons systems, beefing up the Navy, plans for fighting nuclear wars with superaccurate missiles, more of everything? When the intelligence analysts, Air Force colonels and Assistant Secretaries of Defense were finally done, where would Sun Tzu begin? I think he might say, Gentlemen, this is all very fine, but before proceeding further with these ambitious plans I recommend that you read James Fallows's excellent new book, *National Defense.*

The United States has spent more than a trillion dollars on defense since 1945, and it is planning to spend another trillion over the next five years. Our allies have spent smaller but still substantial sums. Together, we are far richer and more numerous than the Soviet Union. Our citizens are better educated, we have a significant technological lead, our economies are both larger and more efficient. But in spite of so many advantages and the expenditure of so much money, the defense establishment in Washington feels exposed, vulnerable, outnumbered and threatened. It thinks we need new tanks, aircraft, missiles, ships, communications facilities and a lot of esoteric new gear. We have bought everything but a sense of safety.

The problem, as Fallows describes it, is the American attempt to replace all the usual components of military strength—men, leadership, courage, numbers, armor, tactical skill and strategic thinking, etc., etc.—with technological apparatus. Tom Swift, with blueprints for an electric flying boat in his briefcase, would feel right at home in the Pentagon. There faith in Yankee genius and American know-how is fully intact. Two great lessons have been learned from the big wars of our century: the first one into the field with new weapons wins, and nothing is too good for our boys.

Thomas Powers, author of The Man Who Kept the Secrets: Richard Helms and the CIA *(Knopf), is writing a book on strategic weapons.*

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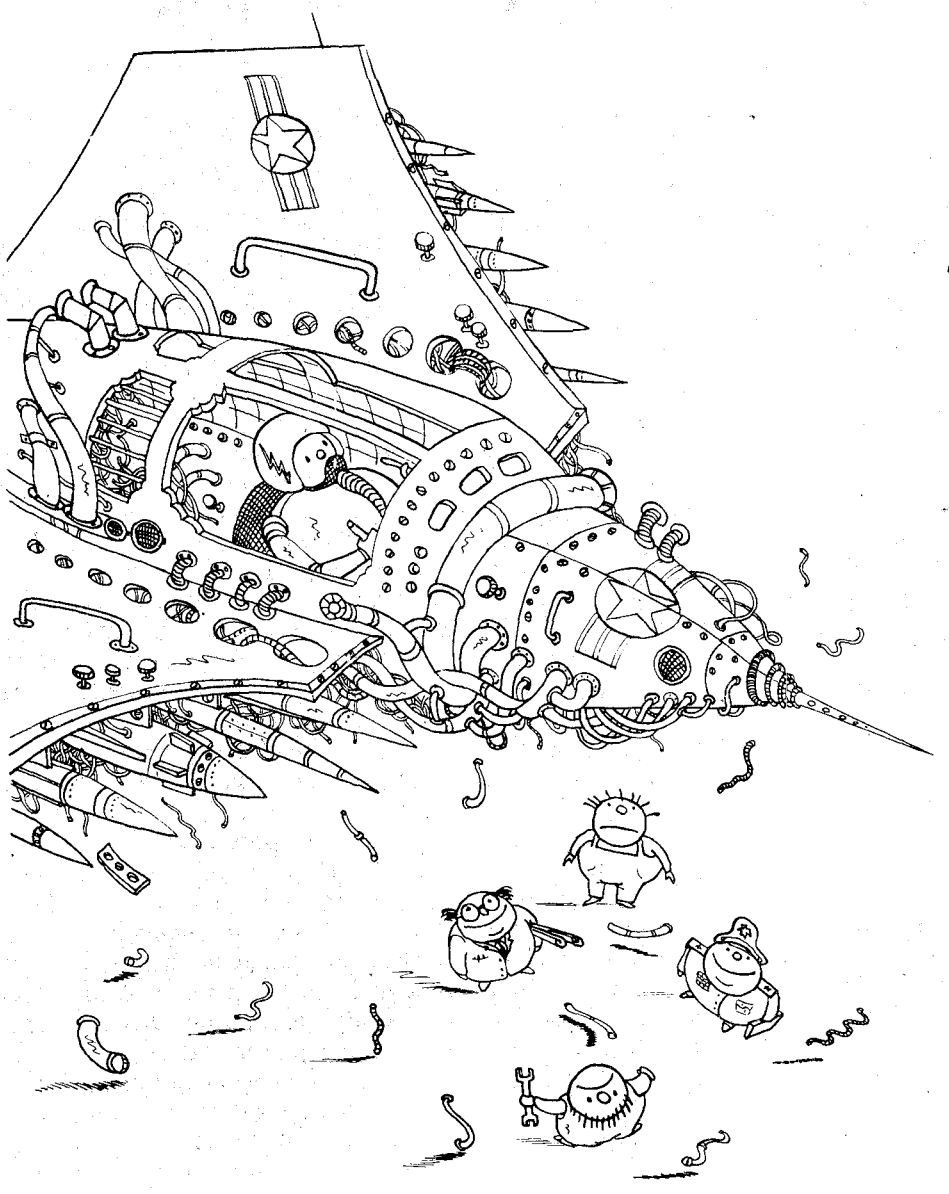
No one in the Pentagon quite says we won World War II because we were first with radar, sonar, the Norden bombsight and atomic weapons. Doubtless generalship and the tenacity of infantrymen played their role. But it's the industrial aspects of war which fascinate Americans. Preparations for the next one center on weapons systems—the biggest, best protected, most versatile, fastest and most powerful that money can buy. Billion-dollar surface ships and multimillion-dollar aircraft are the order of the day, and they're paltry compared to what's in the pipeline. Fallows argues that we are suffering from too much of a good thing. The drawbacks have begun to outweigh the advantages of these Tom Swift marvels in three ways: they break down more often and take longer to repair; higher prices mean we get fewer of them; and they are often too complicated for the high school dropouts who join the volunteer Army. The results are a defense budget that balloons with each new generation of weaponry, and less defense.

Nowhere is technological bemusement more apparent than in the design of tactical aircraft, the fighter bombers which would be the backbone of the air arm in any conventional war. TacAir has grown steadily more expensive and complicated in accordance with Fallows's rule of thumb that each new generation of weaponry is roughly four times the price of its predecessor. There are a number of ways of measuring this trend. The J-79 engine of the F-4 Phantom jet, for example, a workhorse craft still in use although "obsolete" by Pentagon standards, averaged some 3,000 hours between breakdowns, and then required an average of 47.8 man-hours of repair to put it back in shape. The F-100 engine, with more power and a higher top speed, will go only 386 hours between breakdowns, and then requires 328 hours of repair. The obvious result is less time in the air, at a higher cost. Vast expenditures on ever-more complex tactical aircraft have left us with a "phantom fleet"—an air arm powerful only on paper.



Fallows cites yet another series of figures, worked up by an iconoclastic Air Force planner named Pierre Sprey, which make the case even more clearly. Sprey estimated the sorties per day per million dollars of purchase price for five aircraft developed over the last couple of decades. The planes and their rates: F-86—2.5; F-5A—1.25; F-4—0.12; F-15—0.05; F-14—0.028. A million dollars invested in F-86s will provide eighty times the effective number of planes in the air, compared to a million-dollar investment in F-14s. Sprey, evidently a man of mordant humor, calls this trend "the curve of unilateral disarmament."

Even worse is the fact that all the extra money doesn't seem to buy anything much valued by the pilots who actually fly the planes. If the greater speeds and supersophisticated "black boxes"—computerized systems for finding the enemy, aiming missiles and so on—actually made the craft eighty, or even ten, times more dangerous, that would be one thing, but pilots don't think they do. Fallows cites numerous studies showing that slower, lighter, less complex planes using 20-millimeter cannon are more maneuverable, easier to fly, harder for the enemy to detect and can stay up longer. The Tom Swifts, it appears, spend too much time drawing up specifications, and too little in the ready rooms. Neither Fallows nor the pilots are urging a return to the biplane but they are asking for a sense of realism and restraint, and for planes sufficiently numerous and reliable to keep pilots from feeling lonely in the sky.

Fallows does not limit his argument to tactical aircraft, of course. His equation seems to be at work in every branch of the military: more money and more technology, resulting in fewer weapons and less defense. The costs of submarines and tanks, the fanciest missiles and the lowliest rifles have all been

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following the same exponential curve, with the same ironic result—a feeling of deep insecurity shared (albeit for somewhat different reasons) by hawks and doves alike. The fault, in Fallows's view, is squarely the Pentagon's. Professional military men have been pushed toward careerism (cover your ass, don't make waves, up or out) and a procurement mentality (get the hardware; we'll find a way to maintain it later). Thus we have not been building military forces that might really defend us but a smartly turned-out corps of crisp briefing officers who are equally accomplished at drawing scary pictures of what the very latest intelligence reveals the Russians are up to and at conjuring seductive proposals for superweapons. The reality—a civilianized, cynical, low-quality, disproportionately black and poor volunteer force trying to run gear so complicated it hovers perpetually on the brink of terminal breakdown—is hidden not so much by mendacity or sleight of hand as it is by peace. What we've been buying looks good on paper, and it looks good on parade, but war is all dust and confusion, surprise and breakdown. About the only things in the American military inventory that can really be depended upon to work as advertised are the strategic weapons systems. What these will do might bring tears to the eye of even so illusionless a man as Sun Tzu.

I'm afraid I'm not doing full justice to *National Defense*. This is a sane, sensible, thoroughly balanced and profoundly original book. It arrives at an especially opportune moment, when the Congress is being pressed to commit more money to defense than ever before. Fallows has managed to transcend the standard alternatives in debate on military matters—more, bigger and better to keep the Russians at bay; or universal disarmament, the abolition of war and the brotherhood of man. A choice of that kind will always favor a Pentagon arguing for steady increments in defense spending.

War seems to be the central theme of our history as a species. It is probably the first thing, after hunting, we learned to go about in an organized manner. I've never heard a persuasive explanation for this melancholy fact, and Fallows does not attempt one here. First things first. It is common sense and proportion he is after, in nuclear strategy as well as in aircraft design. Sun Tzu would have been horrified by the military excesses of our century, in which the violence of war has been wildly out of proportion to its causes and goals. Fallows's great virtue is to see the connectedness of things, the relationship between the nutty scale of strategic weapons systems like the MX ($33 billion to $100 billion, depending on who's estimating; thousands of square miles for deployment; a punch 300 times greater than all of the bombs dropped on Europe in W.W. II), and the compulsive technical refinement of planes and tanks until they are as delicate as Venetian glass.

The Reagan Administration and the Congress, all but panicked by Russian military spending, which has brought them for the first time to the point where they might do to us roughly what we might do to them, are forming a bucket brigade to the technology rathole at this very minute. The President's plan calls for cuts in eighty-three domestic social programs over the next five years which will total $321.6 billion. This figure equals about a third of the total value of all the companies listed on the New York Stock Exchange. The money "saved" will go for "defense." Whatever we may ultimately get for this huge investment, we can be sure it won't be security. Fallows is not trying to usher in the millennium but to suggest this would be a good moment to stop and think. If the legislators would spare an hour to consider *National Defense*, they might begin to see why all that money will never be enough. □

What Is 'Irreparable Damage'?

ARYEH NEIER

MINNESOTA RAG. *By Fred W. Friendly. Random House. 241 pp. $12.95.*

THE SECRET THAT EXPLODED. *By Howard Morland. Random House. 251 pp. $15.95.*

CLASSROOMS IN THE CROSSFIRE. *By Robert M. O'Neil. Indiana University Press. 242 pp. $15.*

In 1971, when the United States Supreme Court upheld the right of *The New York Times* and *The Washington Post* to publish the Pentagon Papers without prior censorship, the precedent that loomed largest to the Justices was a decision forty years earlier in a case involving a scurrilous weekly newspaper in Minnesota, *The Saturday Press*. Published by one Jay M. Near, *The Saturday Press*, which specialized in venomous attacks on Jews, was restrained from publishing under Minnesota's Public Nuisance Law. With the help of *Chicago Tribune* publisher Col. Robert McCormick—whatever his other faults, McCormick believed in freedom of the press—a challenge to the constitutionality of the Public Nuisance Law was carried to the United States Supreme Court. On June 1, 1931, the Court decided 5 to 4 that the First Amendment forbids prior restraint of the press such as Minnesota had imposed on *The Saturday Press*.

The Supreme Court decision in *Near* v. *Minnesota* is an important and a familiar part of American legal history. Until now, however, little was known of the individuals involved or how the decision came about. The ineffable Fred Friendly's fine achievement in *Minnesota Rag* lies in bringing back to life the people and events of the turbulent period in American history that shaped *Near*. Published on the fiftieth anniversary of the Supreme Court's verdict, Friendly's book deserves a place on the shelf with Anthony Lewis's *Gideon's Trumpet* and Richard Kluger's *Simple Justice*. They are among the handful of valuable accounts of the human circumstances that produced landmark Supreme Court decisions. *Minnesota Rag* is also a useful reminder that many great legal precedents protecting the liberty of us all were won by fighting battles on behalf of reprobates.

Chief Justice Charles Evans Hughes's majority opinion in *Near*, while sweeping enough to protect the right of *The Saturday Press* to publish anti-Semitic diatribes and the right of *The New York Times* and *The Washington Post* to publish the Pentagon Papers, did not absolutely forbid prior restraint. "No one would question but that a government might prevent actual obstruction to its recruiting service or the publication of the sailing dates of transports or the number and location of troops," according to Hughes. In the Pentagon

Aryeh Neier is a member of The Nation*'s Editorial Board.*

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Papers case, Justice Potter Stewart said essentially the same thing, suggesting that prior restraint may be constitutionally permissible when the government proves that "disclosure . . . will surely result in direct, immediate, and irreparable damage to our Nation or its people."

Hughes's words in *Near* and Stewart's words in the Pentagon Papers case (*United States* v. *New York Times*) were invoked frequently two years ago in *United States* v. *The Progressive*, the case in which the government tried to prevent publication of Howard Morland's article, "The H-Bomb Secret." *The Secret That Exploded* is Morland's memoir of the case and, at greater length, his memoir of his travels about the United States in search of the information that went into his article about the H-bomb secret.

As Morland explains it, his purpose was to discredit the idea that secrecy protects us against nuclear war by demonstrating that there are no secrets. Even Howard Morland, an inexperienced freelance journalist who majored in economics in college after what he describes as "a false start in physics," could dig out the secret, though he had no access to classified documents. Simple curiosity spurred him on and, along the way, as he tells us, he also acquired a taste for the fame, or notoriety, that went with publishing the article or being prohibited from publishing it. He was irked that the government made *The Progressive*, rather than Howard Morland, the lead defendant in its suit to restrain publication and that the magazine's editor, Erwin Knoll, got the lion's share of the public attention. Knoll, who is accused by Morland of an "unfortunate tendency to exaggerate, rant, and harangue," annoyed Morland in many ways, among them by using his public appearances to talk about the First Amendment instead of about nuclear war.

Morland invites judgment of his ultimately successful attempt to publish the H-bomb secret according to how well it served his main purpose: preventing nuclear war. Summing up his case in a sentence, he writes that "Secrets can breed misunderstanding; misunderstanding, fear; fear, war." Whether or not this proposition is generally sound, publication of this secret has had no discernible impact on the prospects for nuclear war. As Morland acknowledges, after publishing his article, his goal of discrediting American nuclear weapons policy "seems no closer; the H-bomb Secret circus did not noticeably broaden the ranks of nuclear pacifists, and the program which I proposed that we undertake to end the arms race did not receive publicity." Indeed, Morland is not persuasive in demonstrating that it was possible to make any connection between his publication of technical information about the construction of H-bombs and advancement of his "program," which would start with the Presidential proclamation that the United States will never use nuclear weapons first. Morland and *The Progressive* won support from some leading advocates of nuclear disarmament, but his book gives us no clue as to how they could have imagined that publication of his article would advance their cause. He inspires the cynical guess that those who wanted the article to be published—as distinct from those who defended *The Progressive*'s right to publish it—were mainly intent on seeing the government lose.

Morland's unpersuasiveness in making a connection between publishing his article and launching a program to reduce the threat of nuclear war has its counterpart in the government's unpersuasiveness in demonstrating that prior restraint of publication was permissible under Hughes's test or Stewart's test. The Federal judge who enjoined publication of Morland's article in 1979, Robert W. Warren, said the article would "probably not" make it possible for anyone to build an H-bomb but that the injunction was warranted because "a mistake in ruling against *The Progressive* will seriously infringe cherished First Amendment rights . . . a mistake in ruling against the United States could pave the way for thermonuclear annihilation for us all." Before an appellate court could rule on whether this was a permissible basis for prior restraint, the government dropped its lawsuit. Publicity about the case had provoked several other enterprising scientific amateurs to publish their own versions of the H-bomb secret. Like Morland, they were getting close to the mark, helping to make his point that the H-bomb secret is no secret, and thereby demonstrating the futility of censorship.

Since Morland was not very interested in the First Amendment issues raised by his case, he has little to say about them. He dismisses Hughes's tes in *Near* as an "anachronism, a relic," but neither proposes a better test no says whether he believes that the Firs Amendment permits any test at all If *The Secret That Exploded* ha any value, it lies principally in pro viding additional evidence in support o a point that Morland has already proved that the H-bomb secret is not a secret.

Classrooms in the Crossfire by Robert M. O'Neil contains just the kind of thoughtful analysis of First Amendment issues that is missing from Morland's book. O'Neil, president of the University of Wisconsin, has somehow managed to combine a distinguished career as an academic administrator and as a teacher of law with an astonishingly prolific production of intelligent books and articles about some of the central civil liberties questions of our time. Here, his focus is on the application of the First Amendment to current controversies involving schools and libraries. Is it permissible for a state to require that the "creationist" approach to biology should get equal time in the classroom with the theory of evolution? Should courts prohibit or limit the use of racist or sexist textbooks? To what extent may the state regulate private religious schools? May the state prohibit public school teachers from providing information about birth control in sex education classes? May parents keep their children out of sex education classes? May school boards prohibit the use of certain books in literature courses or require that those books not be carried in school libraries? Does a student or a parent have any recourse if a school librarian decides not to acquire any books advocating a particular point of view?

O'Neil discusses these and many comparably thorny questions lucidly and knowledgeably. He is a committed civil libertarian but there is nothing doctrinaire about his thinking. Not every question of educational policy that touches on rights should be resolved in court, he recognizes. "Communities have varied and distinctive values and goals," he writes, "and that variety should be reflected in the curricula of their schools. To the extent that courts impose national values and precepts, the natural diversification process would suffer." At the same time, he proposes what seem to me eminently

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ensible criteria for judicial intervention when schools do violence to constitutional rights. As one who is called on frequently to speak and write about First Amendment issues, I expect to consult *Classrooms in the Crossfire* whenever a question arises involving schools or libraries. □

A Harsh and Unforgiving Vision

TAMAR JACOBY

JULY'S PEOPLE. *By Nadine Gordimer. The Viking Press. 175 pp. $10.95.*

Nadine Gordimer's fiction has long been marked by a ruthlessly lucid vision of contemporary manners, a willingness to probe her characters' private lives and expose the hypocrisy of what they say in public. It is not surprising then that her most recent novel should look so frankly, without sentimentality or false hope, at what could happen in South Africa after a revolution.

July's People takes place in the early 1980s, in a cluster of mud huts some 600 kilometers from the fighting in Johannesburg. Bam and Maureen Smales and their three children have driven out into the bush to hide with the family of their house servant July. It was July who suggested they take refuge there, and then guided their van—not on the roads but overland, following the route he usually walked between the village and his work in town. It was also July who insisted that his reluctant kinsmen take the white people in.

Installed in a bare thatched hut, Bam and Maureen follow the fighting on the radio: the city is burned and looted, overrun by black and white mercenaries who stream in from neighboring African states. Banks are closed; harbors are sealed; a planeload of fleeing whites is shot out of the sky. And yet, to the Smales, the timeless routines of July's village seem to go on much as before, little disturbed by either the distant fighting or their arrival. For a time, July even continues to serve them, tending both grown-ups and children with his usual deft courtesy. And as long as he remains attentive and polite, the Smales continue to hope that they may eventually return to the familiar routines of their suburban house. If only they can trust July, perhaps they can sit out the upheaval taking place offstage. Then, slowly, they begin to see that perhaps July is not what he has always seemed—not the loyal, good-natured black man they have always wanted him to be. Gordimer watches the revolution play itself out in the most intimate of settings, reflected in the new, defiant way a servant holds his head and in the unfamiliar edge in his voice when he talks to his mistress.

The novel is that bold, that brilliant in its conception: as simple as a fable, as neat and clever as its title. Here in the village, the Smales depend on July, just as he once depended on them for even the right to live in the white city. In this, the revolution has less to do with change than with what is slowly revealed to the Smales about themselves and the order they left behind. There is something too about the texture of the novel that seems to declare it a fable. Several times Gordimer steps back to comment on the story and on what she calls the "archetypal" relation between masters and servants. Her intelligent, interpretive presence is everywhere in these pages, and in her audacious, difficult metaphors, now and then perhaps guiding the story with an overly deliberate hand. But she also finds room, in the pared, symbolic space of the book, for even the most changeable and elusive characters.

More than many of her novels, *July's People* recalls Gordimer's short stories, their glancing, elliptical accuracy. Here too she lets a quick glimpse do duty for an extended episode, evoking, for example, not only Maureen's childhood but also much else about South Africa with a single remembered image: the white girl and her black house servant Lydia, sharing a pack of gum and holding hands in the street, looking for all the world like friends, except that the black woman carried the white girl's school bag. Gordimer also has a way of moving without preliminary to what is most intense in her characters' experience: July's humiliation when his master asks where he has been, or the rainy night that Maureen goes out into the bush and stands alone in the darkness peeling off her clothes. And yet, Gordimer seems to have no special sympathy for any of her characters. All submit to her harsh scrutiny, the exact, unclouded eye of the diagnostician.

It would perhaps have been easiest to be sentimental about July, and about his growing sense that he is no longer beholden to whites. In the beginning we see him only as Maureen and Bam do: inscrutably polite, conscientious, thoughtful. When he drives off one afternoon without permission in the family's van, we are as baffled as the Smales. After all, like them, we know only the servant's mask he has learned to present to whites. Slyly, Gordimer allows us to mistrust July, but then also sees to it that we question our own suspicions. Like the Smales, we are "caught out" in our prejudiced fears, our readiness to think the worst of the black man.

July is an ambiguous figure, justified in his resentment of his former masters and yet, inevitably perhaps, somehow petty and mean-spirited about it. Gordimer allows no hint of triumph or en-

Tamar Jacoby is on the staff of The New York Review of Books *and writes frequently for* The Nation.

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nobling ideas to color his recognition that he may no longer have to work for whites or carry a passbook. July has no idea what to do with his new freedom, except to talk back to Maureen, grumbling sullenly about the way she used to treat him. The tension between them is slowly, painfully revealed, until, in their last conversation, he sputters at her in his own language, overcome by inexpressible rage. The black man does not even know what to do with the passbook that Maureen Smales used to sign every month. "He needed someone—he didn't yet know who—to tell him to burn it, let it swell in the river, their signatures washing away." At best, the revolution brings an end to old habits, yet for Gordimer's characters it opens onto nothing.

Even the hope of a fresh start turns out to be a delusion. At first it seems possible that here, in the open bush, freed from the conventions of suburban Johannesburg, the Smales and their servant might be able to work out some new kind of understanding, a relationship based on natural trust and equality. That, anyway, is the promise of the unspoiled nature around them. But it soon becomes clear that town habits and prejudices rule even the lives of July's country relatives. Maureen finds no ready, spontaneous warmth in the dark hut where July's women hold informal council as they go about their chores—only suspicion and resentment. July's women understand all too well about wages and servants' quarters and about the contracts that allowed their men to come home only once every two years. This was a cycle that "outdid the authority of nature." Only the Smales's children are at ease among the villagers. Gordimer does not suggest that black and white cannot be friends, only that there is no reason to assume that the natural sympathy between them is stronger than what she once called "the impulse of Cain."

Many facts come clearer in July's village. The children learn to use stones instead of toilet paper, and Maureen discovers for the first time what her husband smells like. When Bam goes hunting now, it is for meat, not for the pleasure of the contest. There is no hiding from themselves here in the bush, in their one-room hut. The electrical gadgets they kept in the house in Johannesburg are useless to them here—as, for the most part, are their humanitarian ideals. Here in the bush Maureen cannot ask someone else to remove the kittens that her children bring home. If she wants to be rid of them, she must drown them herself.

July sees clearly enough that he and Maureen will never be friends: no upheaval makes masters and servants equal. He answers her appeal for friendship with a simple fact: "I'm the boy from your house, isn't I?" Of course, her liberalism is convenient now, here where she and her family depend on his protection. But then, as Gordimer mercilessly shows, the Smales's noble ideals have always been a kind of reassuring pretense, an attempt to appease their own guilt—as if they could somehow repudiate the benefits of apartheid by joining a liberal "contact group." They used their political activity like a screen, something to block out "the appalling thought that they might find they had lived out their whole lives as they were, born white pariah dogs on a black continent."

Even now, after the revolution, the Smales's liberal sympathies quite obscure their sense of their own predicament. They somehow do not see that the race war going on in Johannesburg allows for no moderate middle ground, and they still cannot recognize which side they are on. Bam hardly knows what he is looking for, or what he longs to hear, as he fiddles with the dial of his transistor radio, searching for news, like someone "listening for the combination that would spring a lock." How can he admit that the only news that can spare his family is the news that the white regime has overcome the rebels? Gordimer's characters still use their liberalism to protect themselves from the knowledge that they have no options, that what matters is who they are and where their interests lie—not what they hopefully believe.

Gordimer's vision is harsh and unforgiving, as uncompromising as the South African history that gave rise to the novel. And yet there is nothing narrowly political about her pessimism. Stranded in the bush, alone among the villagers there, Bam and Maureen are disburdened of a great many different kinds of illusions—about their marriage, their values, their responsibilities toward each other and their children. They no longer trust or even recognize each other, and soon find that the intimacy they had shared at home was little more than a habit of "the master bedroom." At home survival depended on cooperation. Bam knew Maureen as "the woman to whom he was 'my husband.' The other half in collusion." Here in the bush it is "each one for himself," and as soon as Maureen recognizes that Bam has lost the manly confidence to protect her, she strikes out on her own. Love, generosity, commitment—like the Smales's liberal political views, they hold only as long as they are convenient.

It would be reassuring if Gordimer's dark vision could be explained by the particular horrors of South African politics. Certainly it is clear enough that neither July's village nor the Smales's Johannesburg are places where whites and blacks are free to treat each other as equals. But even more frightening is the way that both the Smales and their servant are trapped by their past and by their selfish needs. The best will in the world cannot save them from their own interests. And in this, their predicament hardly seems particular to South Africa. One searches vainly through the novel for the smallest flicker of hope. But then, Nadine Gordimer cannot pretend that even her own ideals are stronger than the facts. □

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Workers of the World, Regroup!

WENDY COOPER

REFLECTIONS ON THE WORLD ECONOMIC CRISIS. *By Andre Gunder Frank. Monthly Review Press. 164 pp. $13.50.*

CRISIS: IN THE WORLD ECONOMY. *By Andre Gunder Frank. Holmes & Meier. 366 pp. $28.50. Paper $12.50.*

CRISIS: IN THE THIRD WORLD. *By Andre Gunder Frank. Holmes & Meier. 375 pp. $28.50. Paper $12.50.*

To most of his colleagues on the left, Marxist economist Andre Gunder Frank is a pessimist. He argues that capitalism, far from writhing in its death throes, is threatening to bounce back from its current crisis with renewed vigor. He dismisses as wishful thinking the notion that capitalism's present malaise is a logical progression that began with the October Revolution and inevitably heralds a socialist world order. Moreover, Frank is a heretic. To him, the international political economy describes one world market, a capitalist one in which the socialist East willingly participates. The left has not only abandoned the exhortation of the *Communist Manifesto*, "Workers of the World, Unite!"; it has replaced Communism with socialism—and some curious variants of socialism—as the ultimate goal of social development.

Frank's provocative criticism of capitalism and neo-Marxist economic theory has made him a widely known maverick within the ranks since the 1960s. And these three most recent books do nothing to weaken that reputation. Nonetheless, despite Frank's tendency to repeat himself, there is some value in a tripartite presentation. The Monthly Review essays give an overview of Frank's thinking from 1972 to the present and are by far the most accessible for the nonspecialist reader. From a perspective gained while teaching history, economics and other social sciences in the United States, Canada, Belgium, West Germany, Mexico, Chile and England (he is currently professor of development studies at the University of East Anglia), the German-born author develops an analysis of capitalism's difficulties based on the Marxist theory of "accumulation on a world scale." The Holmes & Meier volumes develop his basic thesis in considerable detail. The titles are self-explanatory.

Frank argues that since the 1960s the international capitalist economy has been caught up in a critical period of overproduction and overaccumulation of capital. He likens this crisis to the one that began in 1913 and lasted through World War II, and to the crisis of 1873-95 that saw the rise of monopoly capitalism and classical imperialism. In order to resolve its present dilemma, capitalism must once again develop a new world economic order. In the West, Frank points out, this is taking the form of the "rationalization" of production through investment in labor-saving technology, unemployment and depressed wages.

Frank also believes there are good reasons to anticipate that the current recession may be even more severe than the one in 1973-75—and here he takes a swipe at the traditional left. The Keynesians are speedily dismissed for their "rabid optimism" and manifest failure to appreciate the worldwide character of the crisis. But his sharpest barbs are reserved for the socialists and the orthodox Communist parties. The austerity policies by which capitalism maintains its advantage when the going gets tough have been implemented by social democratic governments, often with the support of pro-labor and Communist parties. In Spain, for example, the Secretary General of the Communist Party, Santiago Carillo, took the initiative in proposing the austerity policy in the labor/capital Pact of Moncloa after the election of Adolfo Suarez.

Frank finds nothing particularly surprising about such manifestations of political weakness on the part of the Western Marxist parties. After all, they can hardly turn to the East for inspiration. The repercussions of the Western economic crisis in the East—Poland, for example—suggest that the same market law of value operates there too, despite its partial abrogation through "socialist planning." Frank quotes Soviet Chairman Leonid Brezhnev for evidence not only of the socialist economies' recognition of the basic fact of economic interdependence but also

Wendy Cooper often writes about world economic issues for The Nation.

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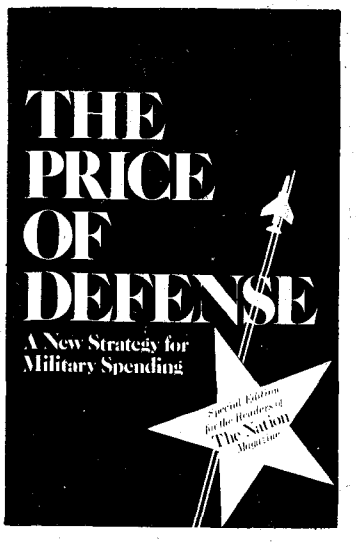

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of their hope that the Western crisis will soon be over.

Indeed, the reintegration of the socialist economies into the world (capitalist) market is one of the most important elements of the new, emerging international division of labor. "Long Live Transideological Enterprise!" is the sardonic title of a chapter in *Crisis: In the World Economy*; it describes the transfer of certain world market industries to the socialist economies and to selected parts of the Third World, where wages are lower and labor discipline higher. "It was no accident," writes Frank, "that when trade among the industrial capitalist countries declined by nearly 15 percent in 1975, industrial exports to the socialist countries and the Third World increased sufficiently so that total world trade declined by only 5 percent."

But Frank's gloom about the Third World's prospects most likely provokes the most discomfort among his colleagues on the left. Western Marxists have looked to the developing countries for alternatives to the stultifying monolith of Soviet ideology. Frank, however, finds little to encourage them. Calling for a New International Economic Order (N.I.E.O.), he maintains, is a mark of ideological desperation. The N.I.E.O., he argues, is designed to enhance the ability of Third World countries to play the role of cheap raw material exporters and low-wage producers of manufactures in a new world economic order. The real power struggle in the N.I.E.O. debate is between the political representatives of international capital and the governing classes in the Third World, which are trying to maximize their personal advantage in the new world capitalist economy.

Frank sees no viable alternatives on the horizon. Leftist theory and ideology —from orthodox development theory through the Chinese "three worlds" concept, to the Soviet "noncapitalist" third way to national liberation, democracy and varieties of socialism—are, he says, completely bankrupt. He predicts that as the world economic crisis generates further political stress in the Third World, populist movements based on nationalism and religion are likely to burgeon. Moreover, he sees a very real threat that "socialism will be sacrificed on the altar of nationalism."

The need, as Frank sees it, is for a "global theory of accumulation" that will take into account the basic fact of one world system. As he admits, his own books scarcely amount to a profound theoretical analysis. His style is fundamentally journalistic—some would say lacking in rigor. Nevertheless, he presents some strong evidence of the need to reappraise Marxist theory. Without it there remains a bitter irony in the quote from Groucho Marx that prefaces *Crisis: In the Third World*— "I've worked myself up from nothing to a state of extreme poverty." □

Devil Music to Its Roots

DAVID A. LUSTERMAN

DEEP BLUES. *By Robert Palmer. The Viking Press. 324 pp. $14.95.*

The blues has been the most influential popular music in twentieth-century America, and, despite the efforts of Nadia Boulanger, popular music remains the most important American music. But the musicians who created the blues were by and large itinerant, illiterate and racially despised. They contributed none of their vast talents and energy to the culture of the propertied and powerful. Until recently, historians of the blues have been almost exclusively musicologists who aimed to document an ethnic folk culture. Given the history of race relations in America, the works of Alan Lomax, Samuel Charters, Paul Oliver and others who have contributed to blues literature have possessed an inevitable political quality: it was impossible to write about the blues without recognizing the culture of suffering, deprivation and discrimination that birthed the music.

The important texts these men produced—Charters's *The Country Blues*, Oliver's *Blues Fell This Morning*, Charles Keil's *Urban Blues*—along with their and others' tireless proselytizing on behalf of the music's value helped start the "blues revival" of the 1960s. Until then, blues had made an impact on American music from underground, and even when it hit sea level its popular exponents were mainly white and mainly English. The new generation of English blues players stirred the interest of young, predominantly white, Americans in the roots of popular music. Within a few years, two whole generations of black blues artists—one born and raised in the rural South, the other in the urban North—gained an international following. Within black society, the blues had already begun to lose much of its vitality. Most of the musicians who would have carried on its traditions play in styles that grew out of blues—soul, rock, disco and, indirectly, jazz.

Anyone who checks around book and music stores for the works of Charters, Oliver, Keil, or even Paul Guralnick's very recent *Feel Like Going Home*, will almost certainly come up empty-handed. Blues books apparently live brief public lives. The work continues, though, as the acknowledgments, bibliography and excellent discography in Robert Palmer's *Deep Blues* all attest: the industry of blues followers and historians in researching the music and rereleasing out-of-print recordings almost matches the energy of those who created the blues.

Students and fans of the music should therefore waste no time in getting hold of Palmer's new book. Despite its enormous merits and usefulness, it may quickly disappear into the few libraries that can still afford to buy new books. But *Deep Blues* deserves a much wider reading than any earlier work on the subject. Since the blues belongs to a predominantly oral culture, it hasn't been adequately documented except on record. One suspects that were it not for the music's roots in a regional culture of poverty, *Deep Blues* might take its place alongside such books as Jacques Barzun's *Berlioz and His Century* for the ways in which Palmer narrates a complex piece of social and cultural history, or even Mozart's *Letters*, for the pictures it draws of the artistic and intimate personal lives of traveling musicians.

Next to love, the road gave the blues its most potent theme and persistent image. Every musician dreams at some time of steady work in a home base as he suffers the blurring, debilitating effects of life on the road. For the bluesmen of the Mississippi Delta in particular, this sense of uprootedness must have been strongly reinforced by

David A. Lusterman, a freelance writer, is director of publications for the journal democracy.

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their membership in a restless, migrating population of Southern blacks. As Palmer says of the post-World War I and II shifts in black population, the northward movement was most pronounced in Mississippi: "By 1930, the city [Chicago] had more Mississippi-born residents than any other municipality outside Mississippi. . . . In the decade 1940-50, the census reports, 154,000 blacks arrived in Chicago from the South, around half of them coming from Mississippi and many more coming from the Delta counties in Arkansas."

One of the most restless of the legendary Delta bluesmen was Robert Johnson, who created the most enduring body of songs by any individual artist and who seemed to have spent his short life in constant motion. Of sixteen songs reissued on a 1961 Columbia album called "King of the Delta Blues Singers," eight deal specifically with travel. Palmer quotes blues singer Johnny Shines: "Robert was a guy, you could wake him up anytime and he was ready to *go*. Say, for instance, you had come from Memphis to Helena, and we'd play there all night probably and lay down to sleep in the morning and hear a train. You say, 'Robert, I hear a train. Let's catch it.' He wouldn't exchange no words with you. He's just ready to go. We'd go right back to Memphis if that was where the train's going. It didn't make him no difference. Just so he was going."

Blues culture reserved a special significance for the place where two roads crossed. Tommy Johnson, Peetie Wheatstraw and Robert Johnson all claimed that they had met the Devil at a lonely crossroads at midnight and he'd taught them how to play. Palmer identifies the legend with the Yoruba belief in Legba, "a trickster god who 'opens the path' for other supernatural powers and is traditionally associated with crossroads. As the only unpredictable deity in the Yoruba pantheon . . . Legba became identified with the Devil of Christianity early on." The bluesmen who might have attested to the power of a more benign divinity—men like Charley Patton and Son House, who had actually served as Christian preachers—usually ended up mocking the church in their pursuit of the fast and loose life of itinerant artists. By common consent, blues was devil music to its roots. Son House satirized whoring preachers in his song "Preachin' the Blues," but social commentary was not the music's primary value. Far more often it voiced and ennobled the forms of release that were truly available to individuals caught in a marginal, disrespected world: travel, drink, magic and sex.

"Despite the continuing attacks from the black middle class and aspirants thereto, blues endured." One of Palmer's more important contributions in *Deep Blues* is his documentation of how the blues lasted and temporarily prospered. In perfect accord with the rambling, restless character of blues culture, Palmer narrates his history in an easy, flowing style that shifts back and forth in time and locale along several crucial axes: city and country, the early acoustic and later electric instrumental styles, the blues' roots in African music and the demands made on blues by modern, sophisticated jazz forms. Palmer's research is deep and broad, and his comprehension of the materials exceptional. Within his essentially musical concerns, he provides concise, coherent sketches that relate the blues to such subjects as sharecropping, the slave trade, Mississippi floods, post-bellum plantation economics, the recording industry, radio advertising, Southern geography and Southern justice.

Like other oral musical traditions, from Homeric epic to the unnotated classical music of North India, the blues balances intricate formal elements of rhythmic cycles and nuances with a simplified inventory of lyric formulas. The individual artist chooses phrases from this common pool for the foundation of his lyric, and both modifies them in detail and injects specific personal imagery and themes. The blues, Palmer takes care to show, may be the first American music in which individual styles and approaches began to predominate over artistic conventions. What makes *Deep Blues* ultimately so exciting and informative is its selection of portraits of individual bluesmen, most notably Muddy Waters, Rice Miller, Charley Patton and Robert Jr. Lockwood.

A comprehensive history of Delta blues needed to be written, and Robert Palmer has done it with a powerful understanding of the music and an intense involvement in the culture. For these reasons, *Deep Blues* is significant also as a model of cultural history. But at heart, it's a book for anyone who ever wonders where music, any music, really comes from. □

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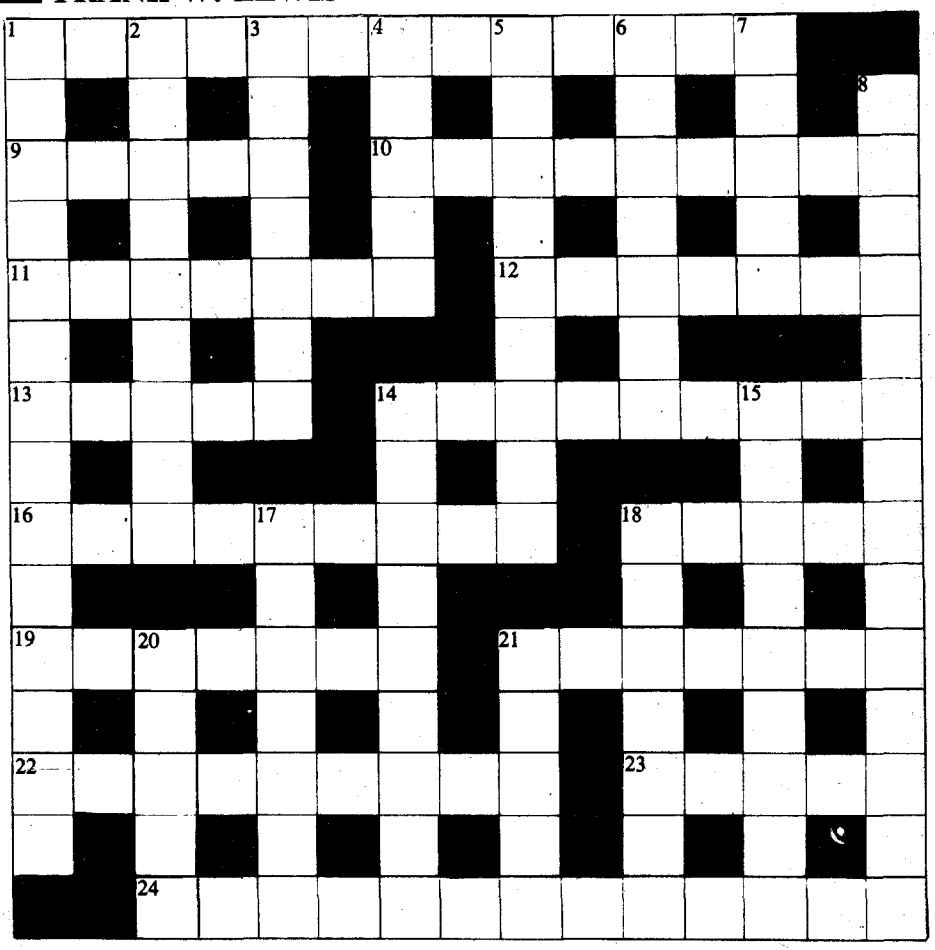
Crossword Puzzle No. 1871

FRANK W. LEWIS



ACROSS

1 Might one bid for Golden Gate if they do? (Dealers get the first crack!) (7,6)
9 and 10 Ultimately detailed as runners, being traditionally a crowd of woman-chasing but timid types. (5,5,4)
11 It's an earthy pursuit for little George, the record being kept with your head. (7)
12 In a medical sense, cut and run, perhaps. (7)
13 A big order at sea. (5)
14 One might answer a call for help. (9)
16 One can traditionally raise this color as well as weep. (3,3,3)
18 What Ben did to make Alice tremble with fear. (5)
19 To allow this sort of language! (7)
21 Birds damage certain food containers, also found in stores around it. (7)
22 Obviously without a bit of what passion is, as a cliché. (9)
23 Muse of poetry and of opera, too. (5)
24 Control the charge for hiring non-thorough-breds? Some make light of it. (6,7)

DOWN

1 Its leaves almost certainly have more than one name. (9,5)
2 To start with, 1 down has good French, and took in salt, of a sort. (9)
3 It glides over the water—well, not exactly on the water! (7)
4 Evidently Nelly is missing, but it's splendidly described. (5)
5 So unruly, I find it shows how the most devastating behave! (9)
6 People like Dawkins and Garvey at one time couldn't be hit, evidently. (7)
7 American sort of man missing? Heath, instead. (5)
8 Is the Sahara one's station? (Rat, as they say!) (6,4,4)
14 One might be described as being lush. (9)
15 Certainly not like a boatman, i.e., shook up. (9)
17 Rosie in such condition could be more descriptive of 16. (7)
18 Keep back from the way the eager might be loaded! (7)
20 Some tires and old radios might be in making their debut. (5)
21 Battle-cry at times—one helps as much as possible. (5)

SOLUTION TO PUZZLE NO. 1870

■	S	W	E	E	T	N	O	T	H	I	N	G	S	■
A	■	A	■	I	■	U	■	H	■	C	■	O	■	P
S	O	L	I	D	■	T	H	I	G	H	B	O	N	E
T	■	E	■	O	■	R	■	N	■	O	■	D	■	O
E	A	S	Y	G	O	I	N	G	■	R	E	S	I	N
R	■	A	■	R	■	E	■	■	■	■	■	H	■	I
■	■	■	M	A	G	N	E	T	I	C	P	O	L	E
S	■	J	■	P	■	T	■	W	■	O	■	W	■	S
C	L	O	T	H	E	S	H	O	R	S	E	■	■	■
R	■	H	■	■	■	■	■	H	■	T	■	A	■	D
A	U	N	T	S	■	A	L	E	X	A	N	D	E	R
P	■	P	■	A	■	O	■	A	■	R	■	R	■	U
P	L	A	S	T	E	R	E	D	■	I	C	I	N	G
Y	■	U	■	Y	■	T	■	E	■	C	■	A	■	S
■	F	L	O	R	A	A	N	D	F	A	U	N	A	■

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